FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,013 Friday November 9 1979 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

BBC accused of treason

MPs accused the BBC of treason and demanded legal action after it was revealed in the Commons that IRA terrorists took over a village for an afternoon for a Panorama film.

The Prime Minister has asked for a full report on the work of the film crew in the Republic. The BBC has already banned *the film, made in the village of* Carrickmore, County Tyrone.

Mr. James Callaghan said the BBC appeared to have set out deliberately to manufacture news. It was "*distasteful and* reprehensible." Page 17

Times dispute

The Times may not appear after all next week unless a demarcation dispute between two manual unions is settled. Page 10

Fiat row

A major confrontation has broken out between Fiat, the Italian trade unions and the Turin Labour Tribunal over the *tribunal's order to Fiat* to reinstate temporarily 50 of the 61 workers laid off last month. Back Page

Pace extradition

A French court has agreed to extradite Lanfranco Pace, wanted on charges connected with the kidnap and murder of former Italian Prime Minister Aldo Moro. Page 2

Strike call

In the first major challenge to General Zia-ul Haq's military regime in Pakistan since he postponed elections last month, senior politician has called for a general strike on November 17. Page 4

Presidential bid

California Governor Jerry Brown has announced his candidacy for the Democratic Party's presidential nomination. Bachelor Mr. Brown, 41, said: "My principles are simple—protect the earth, serve the people and explore the universe." Page 4

Machete murder

A woman was killed and five other people, including two children, were injured by a man armed with a machete in a multi-storey block of flats in Birmingham. A man has been charged with murder and will appear in court today.

Troops out plan

West Germany is expected to propose withdrawal from Central Europe of both U.S. and Soviet troops at next month's *meeting of Atlantic Alliance* foreign ministers.

Deportation ban

The Israeli Supreme Court has issued a temporary injunction *against a move to deport the* Mayor of Nablus, the largest town on the occupied West Bank, who is said to have voiced support for Palestinian guerrilla actions. Page 4

Briefly . . .

Actor Sydney Tafler has died of cancer at his home in Barnes, London. He was 63.

All British Airways flights to and from Paris between 1 pm and 3 pm today are cancelled because of the French air traffic controllers' work-to-rule.

Yvonne de Gaulle, widow of General Charles de Gaulle, has *died in a Paris hospital.* She was 79.

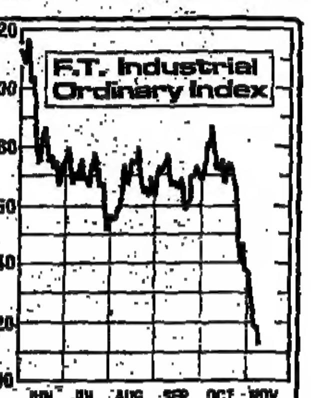
Two U.S. executives kidnapped by Left-wing guerrillas in El Salvador seven weeks ago have been released.

BUSINESS

Gilts and equities fall; £ weaker

● **GILTS** were depressed despite unchanged MLR and selling pressure developed from home and overseas, with losses *extending to a full point.* The Government Securities Index fell 0.50 to 66.10.

● **EQUITIES** drifted lower on fears of a complete halt in Iranian oil supplies and the



view that a rise in MLR had been merely postponed. The FT 30-share index lost 5.9 to *end at 412.2.*

● ***STERLING*** lost ground sharply on late selling from New York to close at $2.0850 ($2.1080) but its trade-weighted index rose to 67.3 (67.2). The dollar's rose to 87.1 (86.9).

● **GOLD** lost $5.50 closing at $390 ($395.50) in London.

● **WALL STREET** [illegible] at 800.60 shortly be[illegible] close.

● **NORTH SEA OIL** prices could rise to between $45 and $65 a barrel in real terms by the end of the century, the Energy Department warns. The *present contract price is $26.27.* Page 9

● **BANK OF ENGLAND** expects to announce the allocation terms of the government sale of 5 per cent of British Petroleum on Monday. Back Page

● **NEB** *members* have threatened to resign if Rolls-Royce is detached from the NEB and reverted to direct Department of Industry control. Back Page

● **BRITISH CHEMICAL** companies may have to close less profitable plants to improve productivity and catch up with efficient Continental groups, the president of the Chemical Industries Association says Page 9

● **AUSTRALIAN** industrial and mining group CSR has made a *bid worth A$465m (£247m)* for Thiess Holdings in an attempt to become Australia's main energy resources group. Back and Page 29

LABOUR

● **THREAT** of strikes against British Steel following its decision to close Corby steelworks receded after the largest steel *union failed to win support* of other unions. Back Page

COMPANIES

● **BAT INDUSTRIES** is paying £87.8m for the 50 per cent share *in Mardon* Packaging International, which it is buying from the Imperial Group. Page 25

● **RHONE-POULENC** *is* to raise Frs. 473.5m (about £53.6m) in a one-for-five rights issue aimed at boosting its investment rate. Page 28

● **LONDON AND MIDLAND** Industrials' pre-tax *profits* for the half-year to September 30 rose to £1.15m (£1m) despite disruption caused by the engineering strike. Page 23

● **STAVELEY INDUSTRIES** first half pre-tax *profits fell to* £1.53m (£5.43m) reflecting mainly the effect of the engineering strike. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Allied Irish	118	+ 6
Barclays Bank	388	+ 6
Bemrose	55	+ 8
Boot (Henry)	123	+ 11
Harrot & Co.	80	+ 42
House of Fraser	122	+ 4
I.C. Gas	584	+ 6
Whitbread	121	+ 3
Cons. Gold Fields	316	+ 10
Oakbridge	149	+ 9
Thiess	362	+ 12
FALLS		
Treas. 12½% 1993	£92¾	— 1
Treas. 12½% 2003-05	£89¾	— ¾
Allied Colloids	140	— 6
BTR	276	— 12
Beecham	122	— 4
Brent Walker	80	— 8
Cater Ryder	283	— 12
Distillers	214	— 3
Electra Inv.	104	— 4
Elliott (B.)	188	— 12
Gerrard & National	210	— 6
Glaxo	390	— 10
Kent (M. P.)	73	— 5
Linfood	142	— 7
Magnet & Southerns	124	— 13
Manders	138	— 7
Matthews (B.)	255	— 35
Meyer (Montag. L.)	77	— 4
Milletts Leisure	154	— 10
Scottish Metropol.	111	— 5
Sotheby, P. B.	325	— 25
Staveley Inds.	175	— 18
Thorn Elec.	320	— 6
BP	356	— 4
Ashton Mining	82	— 7
CSR	235	— 10
East Driefontein	781	— 54
West Driefontein	£27¾	— 1¼
Western Deep	£11	— ¾

New threat to uneasy balance of supply and demand

Iran plans to cut supplies of oil to West by 5%

BY ANDREW WHITLEY and RAY DAFTER

Iran has told its major oil customers, including British Petroleum, that it will cut crude supplies by 5 per cent for the fourth quarter of this year, again jeopardising the balance of world supplies.

Oil companies yesterday were *concerned* that as several weeks of the quarter have already passed the impact on *liftings* for the remaining weeks of 1979 could be much greater. Oil executives fear that up t 10 per cent of Iran's total oil exports could be affected, about 300,000 barrels a day.

The cut appears the first executives fear that up to 10 per the Government of Dr. Mehdi Bazargan on Monday, and the takeover of the country, on Ayatollah Khomeini's orders, by the secret Revolutionary Council.

Council members are believed to have pressed for a long time to cut Iran's contract oil sales.

In the light of the prevailing chaos in the Iranian administration, *and uncertainties over who* issued the instructions it was not clear whether the cut could be supervised, or indeed kept to a nominal 5 per cent.

Fears remain of further major disruption by Iraqi-backed saboteurs in Khuzestan province, Iran's main oil-producing area. Yesterday an explosion and fire *occurred on an oil pipeline* not far from the Iraqi border.

Numerous similar acts have taken place in recent months in the region. Reports of a possible Iraqi invasion of the province were generally discounted by Western diplomats.

The world's crude oil supply and demand are uncomfortably balanced. Total output is running at about 63.5m barrels a day, *according to the latest* published figures.

Members of the Organisation of Petroleum Exporting Countries *provide 31.3m barrels a day* of this production. Consumption has run slightly below supplies, little different from lastyear's average of 63.12m barrels a day, according to U.S. Central Intelligence Agency *figures for industrial countries.*

BP, which once relied on Iran for some 2m barrels a day of supplies, has seen its offtake fall throughout this year.

Immediately after the revolution it was buying at the rate of 450,000 b/d. In the third quarter of this year its liftings were down to 385,000 b/d. Now they *have fallen again to an average* of 365,750 b/d.

This will put the company under greater pressure to secure enough supplies to meet its own refinery activities. Already it has been forced on to the spot markets for crude oil and products to a significant extent. Its spot purchases are likely to *increase further next year.*

BP is faced with a completely changed trading position. Until recently it had more than

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WHERE IRAN SELLS ITS OIL*

	Barrels a day
Major international companies (8 contracts)	1m to 1.1m
Independent companies (21 contracts)	0.95m
Other companies—unspecified (20 contracts)	0.7m
State oil companies (6 contracts)	0.27m
Domestic consumption	0.7m
Spot *market* sales	0.2m to 0.4m
TOTAL	4m (approx.)

* As of Sept. 1979. Since then Iran has cut output to around 3.3m b/d and substantially increased spot market sales.

Source: Dr. Fereidun Fesharaki, former energy adviser to Iran.

U.S. asks for PLO aid on hostages

By David Buchan in Washington

THE U.S. has asked the Palestine Liberation Organisation to help rescue its *60 diplomatic staff from the occupied U.S.* Embassy in Tehran.

The move was made by Mr. Ramsey Clark, a former attorney general who is carrying a letter from President Carter to the regime of the *Ayatollah Khomeini.*

He has been stranded in Istanbul after the Iranian authorities' change of mind about letting him into Iran.

Helpful

But the U.S. State Department *said yesterday* Mr. Clark had been authorised by Washington to talk to any intermediaries, including the PLO, who might be helpful. Mr. Clark has *talked to the PLO* in Istanbul, officials said.

If the PLO were to help, "it *would be a highly responsible* action in a situation in which they have influence," the State Department said.

The PLO has offered to mediate in the crisis over the *60 U.S. hostages* provided the U.S. publicly requests its help. A PLO delegation, headed by Col. Saad Sayel, the organisation's military chief, has arrived *in Tehran.*

If the PLO were to act as a mediator for the U.S., it would *be a major diplomatic step* towards Washington's recognition of the guerrilla movement. But it could seriously strain America's already tense relationship *with Israel.*

But the U.S. Government stressed that the channel opened *up with the PLO did not denote* any wider acceptance of the group's status.

Prospects

Israel *yesterday* refused to make any official comment.

Prospects of an early end to the occupation of the U.S. Embassy where the hostages have been *held* for five days with the authorities' backing dimmed yesterday.

The Ayatollah Khomeini has refused to sanction the ending of the occupation until the U.S. agrees to extradite the Shah who is being treated for cancer in New York.

Inquiry into home loan financing

BY MICHAEL CASSELL

THE GOVERNMENT is setting up an inquiry with the major financial institutions into ways of overcoming the shortage of *finance for home loans.*

The formation of a review committee by Mr. Michael Heseltine, Secretary for the Environment, which comes at a time of *growing mortgage queues*, was announced last night as one of Britain's largest building societies revealed it had gone to the money markets for *£20m to supplement its mortgage* lending programme.

The move, by the Anglia *Hastings and Thanet*, is believed to be the first time on which a building society has raised finance for home loans from the markets.

The loan, to be used exclusively for large mortgages, has been arranged with an international banking consortium managed by S. G. Warburg, Commerzbank and the First National Bank in Dallas.

The Government committee will consider "possible *options* and ways and means of securing an adequate and stable flow of funds" for home ownership. Its composition will raise considerable *interest in the building societies* which now provide over 90 per cent of all home loans.

Included on the committee *will be representatives from* the merchant banks, insurance companies, pension funds and the clearing banks. The one building society representative *will be Mr. Alan Cumming, chief* general manager of the Woolwich.

The fact that the new committee will meet for the first time today reflects the urgency which the Government is attaching *to the mortgage problem.* The building societies believe that they currently need at least £1.1bn a month to meet mortgage demand. But they con only *lend around £750m.*

Their position could weaken still further if interest rates generally rise again and they are prevented by the Govern*ment from following suit* because of the effect such a move would have on the cost of home loans.

But the societies and the *Government* are *equally* concerned about the longer-term prospects for raising sufficient funds for mortgage lending and are aware that radical changes in *the societies' traditional* finance-raising methods may be required.

They have already established a working party to examine *alternative sources of funds* and are expected to have reached some preliminary conclusions by the end of the year.

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Slowing of money supply growth 'may take longer'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor, yesterday admitted in the Commons that it could take longer than the Government had hoped to bring down *the rate of growth of the money* supply. But he was non-committal about the prospects for interest rates.

Minimum Lending Rate was, as *expected*, left unchanged yesterday at 14 per cent. But the City continues to expect a rise before long and there were further falls in the prices of *gilt-edged stocks.*

Sir Geoffrey faced persistent questioning on the issue in the Commons and he twice said that it would be unwise for him to *speculate* about changes in the rate of interest.

On the impact of the *removal* of exchange controls, he said there were many other factors of greater significance for MLR, including the sharp upward *movement of U.S. interest rates.*

Sir Geoffrey's response reflects the Government's desire *for a breathing space after the* unexpectedly bad October banking figures announced on Tuesday. *In part* this is because the authorities are waiting for the *detailed money supply figures* which will be available to them early next week, and before *they are* published on Thursday.

There is still some feeling that last month's figures were erratically bad and that there

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Money markets Page 30
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£ in New York

—	Nov. 7	Previous
Spot	$2.1020-1030	$2.0690-0705
1 month	0.14-0.09 dis	0.25-0.30 pre
3 months	0.07-0.12 pre	0.30-0.35 pre
12 months	1.00-0.80 dis	0.45-0.30 dis

Kaunda presses Britain for concessions

BY BRIDGET BLOOM AND MICHAEL HOLMAN

INTENSE DIPLOMATIC efforts designed to ease the Lancaster House talks over their most difficult hurdle yet got under way yesterday with the arrival in London of President Kenneth Kaunda of Zambia.

Dr. Kaunda was at the centre of a last-minute attempt to achieve a compromise over the pre-independence arrangements for Rhodesia between Britain and the Patriotic Front guer*rilla alliance.*

Last night Dr. Kaunda was attending a working dinner with Mrs. Margaret Thatcher and Lord Carrington, Foreign *Secretary, after a day of consul*tations which included Mr. *James Callaghan and* Mr. Peter Shore the Shadow Foreign Secretary, Mr. Sonny Ramphal, Commonwealth Secretary-General, Patriotic Front leaders *Mr. Joshua Nkomo and* Mr. Robert Mugabe, and observers from front-line African and Commonwealth States.

A tlast night's meeting with *Mrs. Thatcher President Kaunda* was expected to express his concern that interim arrangements would not provide the conditions *for* free and fair *elections, and to seek a longer* transitional period.

The atmosphere of crisis was heightened yesterday afternoon by the failure of the Patriotic Front to turn up at Lancaster House for a scheduled session of the nine-week talks. Lord Carrington, who, with the *delegation of Bishop Abel* Muzorewa, the Salisbury leader, waited for them in vain, later "regretted the discourtesy."

The Government yesterday agreed to *Mr. Callaghan's* demands for more time to debate the enabling Bill. The detailed committee stage was deferred until Monday.

Mr. Shore made it clear during the Second Reading debate last night that Labour would vote against the Bill in the absence of a Government com*mitment not to use its powers* if the Lancaster House conference failed to reach agreement.

Implications of success Page 4
Parliament Page 17

New EEC move over milk

BY MARGARET VAN HATTEM IN BRUSSELS AND CHRISTOPHER PARKES IN LONDON

THE COMMON Market *Commission* yesterday launched fresh legal proceedings aimed at forcing Britain to lift its ban on imports of milk from other Com*munity countries. It has also* started action over unilateral British controls on fishing around the Isle of Man.

The Commission says the milk ban contravenes EEC free trade rules and British licencing of herring boats discriminates illegally *against* Ireland and favours UK fishermen.

The Government has been *asked to justify both measures.* If its replies fail to satisfy the Brussels executive, the cases will probably be passed for judgment tothe European Court *of Justice, the EEC's final* arbiter on Community law.

The Ministry of Agriculture said yesterday *it would defend its long-standing milk import* ban on the grounds that it was imposed to protect public health, and was therefore acceptable according to rules laid down in the Treaty of Rome.

It is expected to fight the fisheries case with the afgument that in the absence of a *proper* common fisheries policy national fish conservation controls are essential and permissible.

The milk case has already been tested in the court this year. The judges upheld Britain's right to refuse imports of milk in litre packs until the *end of this year, but avoided the question of public health* on which the import ban is founded.

France and other Continental countries hoping to sell milk in Britain say that their health standards are equal to those of Britain. In any case, they say, the ultra-heat treated milk they want to send is sterile.

The action comes when the legal powers of the Community authorities are being tested by France's refusal to obey a court ruling and allow free trade in *lamb.*

Mr. Roy Jenkins, Commission president, said in London yesterday that there was no need to remind people of the *consequences of not complying* with court rulings.

"This is an issue in which the development and even the survival of the Community are at stake."

Steel price controls to be eased, Page 2
Sugar regime plans approved. Page 39

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For latest Share Index 'phone 01-246 8026

EEC STEEL POLICY

Davignon price controls to be eased

BY GILES MERRITT IN BRUSSELS

PRICE CONTROLS on two important categories of steel products in the European Community are to be lifted next year, under proposals that the Commission is to submit to the Council of Ministers on November 19.

Relaxation of the price minima on reinforcing bars and merchant bars is part of the modification made to the Davignon crisis plan for steel, which the Ministers are expected to extend for a third year.

The adjustment to the steel disciplines programme, devised by Viscount Etienne Davignon, the Industry Commissioner, will also see an end to the Commission's intervention in special trading agreements between major EEC producers, although the delivery quotas imposed in 1978/79 are to be maintained.

The Commission has relaxed the crisis plan in response to demands made by the steel industry because more buoyant economic conditions in the first half of 1979 have resulted in firmer prices. But Viscount Davignon said yesterday that 1980 would see a return to crisis conditions. His 1980 steel programme reserves the right to re-impose price controls.

EEC output for this year will have risen 7.5m tons over the 1978 level to 140m tons. The last three months of this year are due to show a quarterly record since 1974, with crude steel production rising 8.8 per cent over the comparable period of 1978 to 35.6m tons. But Community steel output is expected to drop by 4.3 per cent, or 6m tons in 1980.

Painting a gloomy picture for next year, the Commission says that the industry will be operating at 70 per cent of capacity. In terms of job losses it will be the "worst year" for steelworkers. Of 81,000 jobs due to be shed in restructuring moves during 1979-80, the bulk will be lost next year.

Viscount Davignon has said that EEC consumption of steel will drop 2 per cent next year, with flat-rolled sheet steel suffering the sharpest fall in demand. Exports will decline too and the Industry Commissioner implicity confirmed reports from the U.S. that a wave of anti-dumping suits against EEC special steel producers is being prepared for early 1980.

He said he expected a protective operation to be mounted against European steel producers by the U.S. next year.

France to extradite Italian terror suspect

BY RUPERT CORNWELL IN ROME

A FRENCH court has granted an extradition request by Rome magistrates for a second leader of the Italian far left autonomist movement. Sig. Lanfranco Pace is wanted on charges connected with the kidnap and murder of Sig Aldo Moro, the former Prime Minister.

Sig. Pace, who had been on the run since June, surrendered voluntarily in Paris last August.

Last month Sig. Franco Piperno, the autonomist leader and physics professor, was also extradited from France on similar grounds.

The readiness of the French authorities to hand over both men for what they claimed to be "political" offences has enraged the non-Communist left here, which feels that the charges have been contrived to silence the autonomist movement.

Meanwhile, the authorities have discovered what appears to be an important Red Brigades' terrorist hideaway in a mountain hut near Cuneo in Piedmont, close to the French border. Police arrested three suspects, confiscating an arsenal of weapons and incriminating documents.

Last night, the Red Brigades claimed responsibility for Wednesday's attack on a Turin expert who was carrying out voice tests to determine whether leader of the Padua autonomist movement made phone calls on behalf of Sig. Moro's kidnappers shortly before his murder.

Two men broke into the office of Sig. Roberto Piazza, and held him prisoner before making off with tapes of the voice tests.

Prof. Zolotas . . . agreement signed in Paris

$500m loan for Greece as problems mount

By Our Athens Correspondent

GREECE YESTERDAY signed an agreement with a consortium of international banks for a $500m loan against a background of mounting balance of payments problems.

The agreement was signed in Paris by Professor Xenophon Zolotas, Governor of the Bank of Greece. The loan is for ten years, including a five and a-half year grace period, and carries an interest rate half a percentage point above the London interbank offered rate.

The consortium includes the Bank of Tokyo, Banque Nationale de Paris, Canadian Imperial Bank of Commerce, Citicorp International Group, Continental Illinois, Credit Lyonnais, Fuji Bank, Midland Bank, Sumitomo Bank, and Westdeutsche Landesbank Gironzentrale.

Mr. Constantine Mitsotakis, the Minister of Co-ordination, said the loan will be used to help finance the public investments budget, partly service Greece's foreign public debt (now totalling $650m), and increase foreign exchange reserves.

The loan agreement coincides with a sharp increase in Greece's current account deficit. This reached $1.714bn in the first nine months of this year, threatening to becomes a serious constaint on growth in the medium term.

According to figures released by the Bank of Greece, imports in January-September this year increased by 34.3 per cent to $7.32bn. Exports rose by 33.7 per cent to $2.8bn.

The trade deficit of $4.51bn (34.7 per cent over the same period last year) was largely covered by invisible earnings which totalled $3.768bn. Invisibles were up 27.5 per cent to $971m.

The further deterioration of the country's balance of payments makes the Government's efforts to maintain economic stability problematic.

Expectations of continuing inflation are causing Greeks to spend rather than to save, in particular on a wide range of imported consumer durables. This expenditure is itself fuelling inflation.

The Government admits that consumer prices may rise this year by 21-22 per cent.

At the beginning of the year, the Government had projected the current account deficit would total $1.5bn. It is now expected to exceed $2bn.

According to the Bank of Greece, a significant part of this year's larger import bill is due to the sharp rise in crude oil prices. Greece spent $1.483bn on oil imports in January-September this year, a 66.3 per cent increase over the first nine months of 1978.

However, even without the oil, imports in January-September rose by 28.1 per cent, almost double the 14.9 per cent rate of increase in the same period of last year.

Mr. Stavros Dimas, the Under-Secretary of Co-ordination, said yesterday that the industrial production index rose by 6.9 per cent between January and August, compared with an increase of 7.4 per cent in the same eight months of 1978.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

Dutch likely to give qualified support to NATO missile plan

BY CHARLES BATCHELOR IN THE HAGUE

THE NETHERLANDS appears ready to support a NATO decision to start producing a new generation of U.S. nuclear missiles. But it does not want the weapons deployed until further arms talks have been held with the Soviet Union.

The weapons would not be ready in any case before 1983, and the Dutch want to use the intervening period to see if the numbers can actually be reduced.

In his outline of Government thinking in Parliament yesterday, Mr. Willem Scholten, Defence Minister, indicated the Cabinet was moving closer to the viewpoint expressed by the Christian Democrats, the senior Government party.

Mr. Scholten stressed that the Netherlands was not yet ready to commit itself wholeheartedly to NATO's plans for modernisation. The plans involve for the first time basing NATO nuclear missiles capable of striking the Soviet Union on the continent of Western Europe.

The actual numbers of missiles to be deployed between 1983 and 1987 would depend on consultations within NATO over the results achieved, or reasonably likely to be achieved, in disarmament talks with the Soviet Union, he said.

If the Netherlands does come out in December in favour of modernising NATO's theatre nuclear forces at the Alliance's council meeting in Brussels, it will also seek a re-assessment of the Dutch nuclear role within NATO.

The main principle of Dutch defence policies remains the prevention of an uncontrolled arms race, Mr. Scholten went on. The fears that exist in both East and West Europe cannot be eased by strengthening military might. A mutual reduction of weapons would be needed to avoid instability.

The Netherlands saw NATO's main task as raising the threshold at which nuclear conflict could break out. The modernisation by the Soviet Union of the entire range of its conventional and nuclear forces was "unsettling."

Russia had introduced 10 new nuclear weapon systems in recent years, against the three developed by NATO. Soviet nuclear potential had increased at a faster rate than NATO's.

The Government was in favour of establishing equipment stores in the south-east Netherlands for three U.S. army divisions, to allow U.S. reinforcements to be deployed quickly in Europe. But no final decision had yet been taken.

OECD growth forecasts lowered still further

BY ROBERT MAUTHNER IN PARIS

THE ECONOMIES of the Western industrialised countries will grow by only about 1.5 per cent next year, according to preliminary forecasts prepared for the OECD's economic policy committee meeting next week.

The figures, which may be revised marginally by the time the meeting takes place, are even more pessimistic than those published in the OECD's six-monthly economic outlook last July. Then, the organisation was already forecasting an average growth for the area of less than 2 per cent up to the middle of next year.

Japan's gross national output which is expected to rise by 5.4 per cent will have the highest growth rate of the major member countries next year, followed by West Germany with 3.3 per cent and France with 2.1 per cent.

Both the U.S. and Britain on the other hand are expected to have negative growth rates. The former's GNP is forecast to decline by 1.2 per cent in 1980, and that of the UK by 0.7 per cent.

The prospects for inflation appear no brighter, with price rises in the area as a whole expected to accelerate to 9 per cent.

Poland takes OPEC to task

By Anthony Robinson, East Europe Correspondent

AN AUTHORITATIVE Polish newspaper, Zycie Warszawy, yesterday voiced the deep concern felt by Poland and Eastern Europe about future oil supplies with an unprecedentedly sharp attack on the OPEC oil cartel. It accused OPEC of using its economic power "without moderation." Up to now, Soviet bloc support for the Arab states in their dispute with Israel and solidarity with "the just fight for their natural resources" has prevented such criticism.

An increasingly tight oil supply situation in the Soviet Union, however, now faces the countries of Eastern Europe with the need to import up to 30 per cent of their total oil supplies from OPEC countries by the early 1980s. At this stage, they have no idea as to how they will earn or borrow the hard currency required.

Under these circumstances Eastern Europe clearly views the constant leap-frogging of oil prices, particularly on the spot market, with as much, if not more concern, than the West and the Third World.

"The world is awaiting the outcome of the OPEC summit meeting in Caracas next month with anxiety" commented Zycie Warszawy. It noted that large amounts of oil are being sold on the Rotterdam spot market, with the risk that "it will be Rotterdam which suggests to OPEC how high to raise its prices in Caracas."

Hitherto, the Soviet Union has supplied around 90 per cent of Eastern Europe's oil requirements. Over the current five-year plan period, Soviet oil deliveries to Comecon are expected to amount to just under 420 tons.

But, for the next five-year plan period, starting in 1981, the Soviet Union is expected to limit deliveries to its Comecon partners, including Cuba and Vietnam, to around 450m tons.

According to Western analysts, Eastern Europe is expected to have to import 30 per cent of its total oil needs from OPEC and other hard currency sources by the early 1980s. Higher OPEC prices also affect the price Comecon has to pay for Soviet oil which is based on a five-year moving average of world market prices.

Irish banks to reduce liquidity ratios

BY OUR DUBLIN CORRESPONDENT

THE IRISH central bank has announced reductions in the liquidity ratios which Irish banks have to observe.

The primary ratio is to be cut from 13 per cent to 10 per cent of relevant resources and the secondary ratio of the commercial banks from 30 per cent to 25 per cent.

Secondary ratios for industrial and other secondary banks will be increased by 5 per cent to 15 per cent. This reflects their growing importance in the Irish economy but they will be allowed to hold 2 per cent in the form of eligible discounted commercial bills.

The changes reflect the new conditions following the imposition of exchange controls when Ireland joined the European Monetary System.

The changes will make no difference to the current credit squeeze, the bank made clear.

In the long run, the bank hopes that changes will encourage the development of an inter-bank market and financial institutions appropriate to a country with an independent currency.

The new ratios will be phased in, to avoid disturbance to Government finances and the gilt market and will not be fully operational until mid-February.

Demirel ready with Cabinet list next week

ANKARA — Mr. Suyelman Demirel, Turkey's Prime Minister-designate, said yesterday that he planned to submit his Cabinet list to President Fahri Koruturk early next week.

Mr. Demirel said he had told the President that he now had sufficient support in the 450-seat National Assembly to win a vote of confidence. The President asked Mr. Demirel to form a Government 12 days ago, after the resignation of Mr. Bulent Ecevit.

Mr. Ecevit resigned when his Republican People's Party suffered reverses in mid-term elections on October 14, Mr. Demirel's Justice Party capturing 47 per cent of the votes. But only 50 Senate seats and five vacant assembly seats were involved in the polling and no significant change in the line-up of the assembly resulted. No party hold a majority.

The Justice Party commands 185 seats but he has mustered a slim majority of 227 with the support of two right-wing parties and several splinter groups.

AP

By-election setback in Cork for Lynch

By Our Dublin Correspondent

THE IRISH Prime Minister, Mr. Jack Lynch, currently on a visit to the U.S., appears to have suffered a severe political reverse in two by-elections in his native city, Cork, where he himself is an MP.

Early indications, as the proportional representation count got under way, were that his party's share of the vote in Cork City had dropped from 58 per cent in the general election of 1977 to less than 40 per cent.

Party activists forecast that Fine Gael, the major opposition party, would win both seats when final results were declared this evening.

Mr. Lynch himself campaigned heavily in Cork City and, although the result will not affect his party's 20-seat majority, it will do considerable damage to the Prime Minister's own standing.

Back-benchers have become increasingly restless over the Government's continuing unpopularity, which is blamed mainly on high inflation — around 13 per cent — and proposals to increase farmers' taxation.

By-election results are bound to raise again the question of how much longer Mr. Lynch will continue to lead the party. There has been speculation that he might retire next year, but the view within the party may now grow that he should go whether he wants to or not.

Metin Munir visits Turkey's problem steel plant at Iskenderun

Army keeps the iron flowing

ACCORDING to economics textbooks there are three factors of production: labour, capital and land. At the Soviet-built iron and steel plant, Isdemir, 15 km east of here there is a fourth: the Turkish army.

A battalion of crack commandos is encamped on the complex, which stretches inland from the Mediterranean to a bare mountain range. Their duty is to deter extreme Right-wing workers, who are in a majority, from disrupting work, sabotaging equipment or persecuting Left-wing workers.

This peculiar arrangement offers a remarkable insight into the hazards of operating a public sector enterprise in a country which is in a state of political and economic ferment.

"The soldiers contribute to production as much as I or anybody else," says Mr. Aykut Deren, the Isdemir director, a 43-year-old economist. "Everybody here is either Left- or Right-wing. You hire a new engineer—before he learns his way around the plant he is running round organising demonstrations. Get the army put out of here and you will have more blood flowing than iron."

The same is more or less true of the whole country. In the 20 months that the Prime Minister, Mr. Bulent Ecevit, has held power, over 1,500 people lost their lives in assassinations, riots and massacres involving extreme Left- and Right-wing factions. Half of the population of 45m lives under martial law.

Mr. Ecevit's predecessor, Mr. Suleyman Demirel, has now been asked by the President to form a Government. For Isdemir there is little telling what this could mean. Under Mr. Demirel

politics entered the plant before any product came out. He opened it before it was ready, as an investment for the 1977 general election: in a country where unemployment is well over 20 per cent, jobs mean votes.

Mr. Demirel and his coalition partners subsequently used Isdemir and the other state economic enterprises (SEEs)—state owned factories and utilities—to employ their more militant supporters. Already grossly overstaffed, the SEEs were forced to take on thousands more workers, to the point where Turkish bankers derisively call them state employment agencies

The SEEs are taking out more than they are putting in to the economy, and represent one of the country's worst industrial problems. Conceived during the birth of the Turkish Republic 55 years ago when private capital was weak, these companies now account for half of total industrial output, manufacturing a vast range of products from shoes to cement.

But because of mismanagement, overstaffing and virtually every single inefficiency known to industrial man, almost all of them incur vast losses. They stay afloat thanks to huge treasury support, which through deficit financing fans the flames of runaway inflation.

At Isdemir more than 6,000 workers were taken on when it "opened." Most were said to be supporters of Mr. Alparslan Turkes, the leader of the ultra-Right-wing Nationalist Action Party (NAP), from Iskenderun, a seaside town of 200,000 founded by Alexander the Great.

The Soviet Union, which is one of Turkey's biggest suppliers of project credit, had hoped that Isdemir would be a showcase for the Third World, particularly the Middle East. Its starting capacity of 1m tons a year was eventually to be increased to 8m tons a year, making it one of Moscow's biggest overseas projects.

The Russians were in for a surprise. In four years Isdemir changed 12 managers. The blueprints foresaw a workforce of 8,000 at 1m tons a year output. But with production at under a quarter of this, the plant employed 18,000. One Isdemir director who was asked by a Demirel minister to take on more workers is said to have replied: "Sure, but to put more workers in I'll have to start taking the machinery out."

Russian technology at Isdemir has been criticised as being crude and outdated. But Mr. Deren says that it is ideal for the country at its current level of development.

Three hundred Russian engineers at Isdemir are trying to make a success of the plant, which was supposed to have met a third of the country's iron and steel requirements. The large shortfall is a severe loss for Turkey, where there is a chronic shortage and a black market in iron and steel products. Imports in 1978 amounted to over $400m. Over the past five years demand has grown by 15 per cent and supply by 5 per cent. Governments could realise less than half of planned investments. Consequently in 1978 only one-third of the 4.7m tons of iron and steel used was locally produced.

Mr. Deren assumed the management of the Isdemir complex a year ago with a salary of 11,000 Turkish lira (£100)—another aberration of the state economic enterprises which pay workers more than managers.

He seems to have done an excellent job, despite having to pack a pistol because of all the threats he has received. The workforce is now 16,000, and capacity utilisation this year is double last year's. Given an uninterrupted flow of raw materials, the complex will run at 80 per cent capacity.

But there are still great problems. The plant uses domestic iron ore but imports 60 per cent of its coke. There are transport problems for the ore and foreign currency problems for the coke. Power cuts, a national menace, are also affecting Isdemir's production. Under even the most ideal conditions overstaffing will help cause a loss of at least 1.5bn Turkish lira (£136m) this year, despite prices being 30 per cent above world levels.

Mr. Joergensen: defence cuts threatened

Fears over Denmark's defence spending

By Hilary Barnes in Copenhagen

FEARS THAT Denmark's new Social Democratic minority Government is about to upset a four-party agreement on defence spending have been voiced by the opposition. Since 1973 this accord has stabilised the defence budget and taken much of the political heat out of the defence issue.

Mr. Anker Joergensen, the Prime Minister, said in a policy declaration to the Folketing (Parliament) earlier this week that public spending cuts are necessary and defence cannot go unscathed.

The Conservative defence spokesman, Mr. Palle Simonsen, said, however that if the Government persists on these lines, there will be a breach of the defence spending agreements.

***He pointed out that* Denmark has reserved its position on the NATO call for a 3 per cent real increase in annual defence expenditure, on the grounds that this would breach the defence spending agreement.**

If the accord cannot be broken to provide for increased spending, he said, it cannot be broken to provide for spending cuts either.

Military chiefs have warned recently that the agreement does not provide enough money to prevent a gradual undermining of defence capability.

Outsider chosen to join new Japan Cabinet

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

DR. SABURO OKITA, a well-known economist who is not a member of the Japanese Diet, becomes Foreign Minister in the new Cabinet announced by Mr. Masayoshi Ohira, the Prime Minister, last night.

Dr. Okita's appointment to a post which normally goes to a senior member of the ruling Liberal Democratic Party came as a total surprise but appeared to be generally welcomed.

He is a fluent English-speaker known for his interest in the problems of developing countries.

His previous posts include the chairmanship of the Japan Economic Research Centre, an influential private economic forecasting institute, and the directorship, from 1973 to 1977, of the Overseas Economic Co-operation Fund, a Japanese Government agency for extending soft loans to developing countries.

Dr. Okita helped draft the famous "Income Doubling Plan" launched in the early 1960s. In 1977, he stood unsuccessfully for the Upper House of the Diet.

Dr. Okita is the only non-political member of a team which, in other respects, appears to have been chosen to reflect the relative strengths of the competing Liberal Democratic Party factions.

The Cabinet includes four members each from the Tanaka, Ohira and Fukuda factions, three from the Nakasone faction and two from the Miki faction.

The Education portfolio is held by Mr. Ohira, but this arrangement may be temporary.

Mr. Kunikichi Saito, Party Secretary-General, who remains in office from the previous Cabinet, is expected to be appointed Education Minister as soon as a new Secretary-General has been chosen.

Mr. Ohira was unable to fill this important post yesterday, apparently because of a dispute between the "mainstream" and "anti-mainstream" factional groups both of which claimed the position for themselves.

The new Cabinet is notable for its relative youth by Japanese standards—the average age is 59—and for the number of Ministers who have not previously held office—15 out of a total 22.

Apart from Dr. Okita, key members of the new Cabinet include, as Finance Minister, Mr. Noboru Takeshita (a Tanaka faction member who has served as Construction Minister and Chief Cabinet Secretary in previous administrations) and as Minister of International Trade and Industry, Mr. Yoshitake Sasaki.

Mr. Sasaki is a close associate of the Prime Minister. He is credited with having persuaded the opposition New Liberal Club to vote for Mr. Ohira at last Tuesday's leadership election.

West Berlin buoyed by surge in orders to industry

BY LESLIE COLITT IN BERLIN

WEST BERLIN'S economy is expanding on a surge of industrial orders from West Germany and abroad, and manufacturers are overwhelmingly optimistic about the coming year. For the first time since 1970 the number of industrial jobs is expected to stabilise this year after falling by some 90,000 in the past decade.

As in West Germany, capital goods industries in West Berlin are the basis for the current industrial upswing. Orders are running 15 per cent higher in the electrical industry and 14 per cent higher in mechanical engineering which together have half of West Berlin's industrial employees.

The city's gross domestic product expanded by the highest rate since 1974, 3.9 per cent at 1970 prices during the first half of the year compared with 4.3 per cent in West Germany.

One reason for the increased optimism is that West Berlin is profiting from capital goods orders to its factories from West German parent companies. They gain by the elaborate subsidies and tax preferences offered to companies in the city and are responding to Chancellor Helmut Schmidt's appeals that they should make full use of West Berlin's industrial capacity.

Siemens, the largest employer in West Berlin with 26,000 workers, has produced more than DM 500m (£125m) worth of electronic Telex machines in the city this past year. Some 70 per cent of them were exported and Siemens says it had a 35 per cent share of the world market. The company is expanding its Telex production in Berlin but finds it is unable to find enough local labour with the necessary qualifications.

Unemployment in West Berlin last month was 3.6 per cent compared with 4.2 per cent a year ago and companies find they are often unable to find workers among the 10,700 people registered with the labour exchanges.

The city has expanded its service sector with the completion of an international congress centre, and a major hotel building programme is under way. The two allied airlines serving West Berlin—British Airways and Pan American—report expanding passenger traffic this year between West Germany and West Berlin for the first time since 1972.

In that year the four-power Berlin agreement went into effect and Berliners, as well as visitors, began taking to the East German autobahn linking the city with West Germany.

Exchange position 'weak'

BY OUR TOKYO CORRESPONDENT

ALTHOUGH Japan's foreign exchange reserves are still the world's second largest, the country's true foreign exchange position, taking into account private sector foreign exchange liabilities, is much weaker, Mitsubishi Bank claimed yesterday.

The bank said in a special report that Japan's overall short-term foreign exchange assets amount to $11.1bn, or the equivalent of 1.3 months' imports. Official foreign exchange reserves at the end of October were $23.2bn—a fall of $10.2bn from their level at the beginning of the year.

On Mitsubishi's definition Japan ranks as only the ninth wealthiest nation in the world in terms of its foreign exchange holdings. Britain ranks tenth with assets of $2.9bn, equivalent to 0.4 months imports.

The method used by Mitsubishi to compute true foreign exchange assets is to revalue official foreign exchange reserves to allow for the current market value of gold and to add or subtract official and private sector assets or liabilities.

Israel supreme court bans Nablus mayor's removal

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Supreme Court yesterday issued a temporary injunction forbidding Mr. Ezer Weizman, Defence Minister, from deporting the Mayor of Nablus, the largest town on the occupied West Bank of the Jordan.

Threats to expel the mayor, Mr. Bassam Shaka, were voiced by officials after local papers carried reports claiming that he had expressed support for Palestinian guerrilla actions, including an attack on a bus on the coastal road last year, in which 35 people died.

The mayor says his remarks were distorted and taken out of context. But his wife, fearful that the Israeli military government would depose him, applied for the Supreme Court injunction.

The row surrounding Mr. Shaka, marks a new low point in relations between the Israeli authorities and the Palestinians of the occupied territories. It comes at a time when two other mayors are being tried for allegedly hitting a policeman. A fourth has just been refused permission to travel abroad.

The Palestinians are convinced that these actions by Israel are designed to create the background for dismissing the mayors who are united in their opposition to Israel's autonomy plan for the area.

West Bank leaders yesterday expressed support for Mr. Shaka, and the Nablus municipal council fully backed the mayor's remarks to a senior Israeli officer that as long as the occupation lasted, attacks were to be expected.

Mr. Shaka denied the Israeli reports that he had expressed his "full identification" with the killings. He argued that he had merely said he understood the motives of the commandos seeking to release their friends from Israeli jails which were full of Palestinian prisoners.

As long as there was an occupation by force, and arrests and Israeli settlement activities continued, "there is no force in the world that will prevent armed actions by the Palestinian organisations," the mayor said.

The Cabinet's defence committee, which met yesterday to decide what action to take against Mr. Shaka, was disconcerted by the Supreme Court injunction. It is understood that another possibility being considered is the dismissal of the mayor on the grounds that a man who holds such views is unfit for public office.

Earlier, the Cabinet approved the framework agreement between Egypt and Israel regarding future oil sales. Israel's Energy Minister is expected to travel to Egypt next week to work out the final details of the price of the oil Egypt is due to sell to Israel.

U.S. Steel warns of plant closure

By Ian Hargreaves in New York

UNITED STATES STEEL, the country's biggest steel producer, appears to have launched an attempt to put a wedge between workers in steel fabrication and basic steelworkers on the eve of preliminary discussions about a new three-year pay contract for the industry.

U.S. Steel has told representatives of 900 workers at its American Bridge fabrication shop in Pennsylvania—the biggest fabrication facility in the U.S.—that they must accept lower wages than basic steelworkers or face the possible closure of the shop.

Details of the company's proposal were not being disclosed by either side yesterday prior to a shop-floor-level meeting on Sunday, but it is clear that U.S. Steel is asking for restraint from the 900 men in the next three years and possibly a wages freeze in the first year.

U.S. Steel told representatives that the American Bridge facility is losing money and that if its costs cannot be reduced, it will go the way of two other fabrication units in Los Angeles and New Jersey whose closure has been announced recently.

The 10 biggest U.S. steelmakers, with whom the United Steelworkers Union will shortly begin negotiating on a new three-year contract, have argued for some time that paying full industry rates to fabrication workers puts them at a big disadvantage against smaller fabrication companies not bound by the national agreement.

At American Bridge, there are three such competitors nearby, paying about $4 an hour less than the $13.5 which American Bridge workers earn on average, including fringe benefits.

The question of differentials between the union's 100,000 fabrication workers and its 350,000 basic steelworkers could become a significant issue in the pay contract talks.

A union spokesman said yesterday the union was "very concerned about developments at American Bridge, although it is still being dealt with at district level."

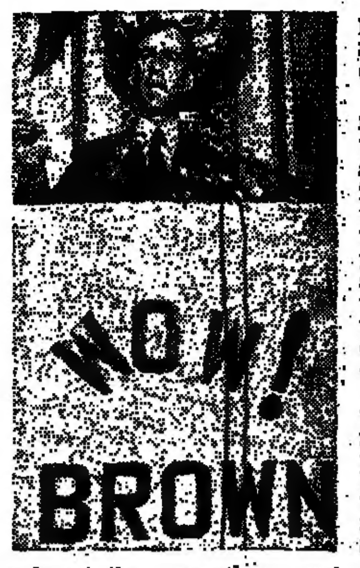
All the unions' district leaders met in Pittsburgh yesterday for the first session in the union's process of determining its initial bargaining stance for the new pay contract.

Some controversy is likely to arise as some industry leaders have recently suggested that they can no longer afford to maintain the basis of the existing agreement.

GOVERNOR JERRY BROWN'S PRESIDENTIAL CAMPAIGN TAKES OFF

A call for discipline and vision

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON



PROMISING TO "protect the Earth, serve the people and explore the universe," Governor Jerry Brown of California yesterday for the second time became an official candidate for the Democratic party's presidential nomination.

"The times," he told a National Press Club audience, "call out for discipline and vision. Because I see neither, I offer myself as a candidate for the Presidency — an insurgent movement within the Democratic Party to challenge the dying myths that paralyse our nation."

All conventional and empirical wisdom suggests that the 41-year-old Governor Brown, the lean former Jesuit seminarian, son of one of California's most successful post-war governors; and occasional consort of the rock singer Linda Ronstadt, has little hope, even in his infinite universe, of beating either President Jimmy Carter or Senator Edward Kennedy.

He is miles behind both in every public opinion poll, even in his home state, and his finances are so meagre he will have to practise the parsimony and inventiveness he urges on his listeners in his own campaign if he is to survive. But yesterday he promised to endure the marathon and stumble across the finishing line an eventual winner — although he admitted, perhaps not until the second or third ballot of next August's convention.

Nevertheless, Jerry Brown does add a dimension to the race otherwise totally lacking. His appeal in 1980 may be as unconventional as it was traditional in 1976, when he led the "anybody but Carter" movement to a series of late primary victories by close alliances with precisely those party establishment figures he sees as redundant today.

His arguments, for all the modish Californianisms that pepper his speech, may yet have some appeal to disparate special interests — the environmentalists, the anti-nuclear brigade, the high technologists, the young. He may yet draw enough support away from the leaders, more likely from Mr. Kennedy than from Mr. Carter, to make a difference. Conceivably, he could do better than that.

The dimness of his political prospects did not deter him from turning in a vintage performance yesterday morning, before flying up to Boston where he is to establish his national headquarters in Senator Kennedy's kingdom.

Of his three principles, protecting the Earth meant ending the "obsolescence, waste and pollution" and establishing instead economic "efficiency" through the careful husbanding of resources.

"Serving the people" he construed as regaining power for the people over Government and the private sector — particularly the multinational oil companies and the banks. He would put public directors on the boards of multinationals and prohibit the import of foreign oil unless it was bought by the Government.

"Exploring the universe" means: "Giving full vent to our creative mind," not only in space but also on earth through economic, industrial and social innovation. "I see a future," he said, using the sort of language with which he has become indelibly and sometimes derisively asociated, "where we reach out into space itself and bring with us other nations, so that at last we begin to sense our unity in the spirit on this small speck of universal time."

On a more immediate, practical level, Mr. Brown, a late convert to Proposition 13-style austerity, will proclaim the virtues of the balanced budget. He may also, if he can find the time and space, point out that his record in nearly five years as governor of the nation's biggest state, with a gross domestic product equal to all but the half dozen largest nations in the world, has not been half bad. California, under his sometimes controversial stewardship, is still a fair example of how to run a government sensibly and humanely.

Thai killed in border fighting

ONE THAI soldier was killed and two seriously injured yesterday in an armed border clash with forces loyal to the Pol Pot regime in Kampuchea, Kathryn Davies reports from Aranyapatet. The Khmer Rouge soldiers had tried to cross into Thailand to buy food, but had opened fire on the Thai soldiers. It is the second such incident in 10 days.

The incident stopped 17 Red Cross trucks laden with rice and sugar from crossing the border to bring relief to starving Kampucheans living in areas controlled by the Khmer Rouge.

Thai rises scrapped

Kriangsak Chamanand, Prime Minister of Thailand, has abandoned increases in the price of electricity and water because of mounting urban protest over the past two weeks, David Dodwell reports from Bangkok. The price increases were scrapped after a stormy Cabinet meeting at which Mr. Kasame Chatikavanij, general manager of the electricity generating authority of Thailand, presented his resignation.

India go-slow ends

Employees of Indian Oil Corporation, whose go-slow for the past two weeks seriously harmed the national economy, yesterday suspended their action "in the national interest" and decided to negotiate on wage demands, K. K. Sharma writes from New Delhi.

'Food deficit' warning

A "huge global food deficit," within the next decade is foreseen in an article in the Asian Development Bank's quarterly review, Daniel Nelson reports from Manila. "The world is little better prepared for a food crisis in the 1980s than it was for the food crisis of 1973-74," the report says.

Zaire massacre

Some 315 people aged between 17 and 21 were massacred by Zaire Government soldiers at a youth camp in the Eastern Kasai province on July 19, the International Federation for the Rights of Man claimed yesterday, AP reports from Paris. The information came out of Zaire three days ago, and had since been verified, the federation added.

Lebanese feud disrupts food and fuel supplies

BY IHSAN HIJAZI IN BEIRUT

A FEUD between Christian factions in the north of Lebanon is turning into an economic war which is disrupting the country's daily life.

Unidentified gunmen blew up pipes on Wednesday which supplied water to a power station feeding electricity to a considerable part of the North. Press reports blamed the right-wing Phalange Party and said that the action was in retaliation for road-blocks which followers of the rival Christian faction headed by former President Suleiman Franjieh have set up to blockade areas where the Phalangists are in control. These are east Beirut and the districts of Byblos and Kesrouan.

Mr. Franjieh's supporters—members of a militia known as the Marada Brigade—started their blockade last week to force the Phalange Party to release a number of people kidnapped a month ago. Those held are from Mr. Franjieh's home town of Zghorta and include five members of his own clan.

Marada gunmen set up their roadblocks at a section of the Beirut-Tripoli coast highway and stopped tankers carrying fuel from the Tripoli refinery to the Phalangist-dominated regions. The action has disrupted fuel supplies to other areas.

In Beirut queues of motorists at petrol stations have been obstructing traffic. A shortage of diesel oil has interfered with bread production and the price has increased.

At dawn yesterday an unexplained explosion destroyed a bridge on the highway linking the predominantly Moslem district of Akkar with Syria.

Strike called for Zia's postponed polling day

BY OUR FOREIGN STAFF

IN THE FIRST major challenge to the military regime of General Zia-ul Haq since he postponed elections last month, one of Pakistan's senior politicians has called for a general strike throughout the country on November 17—the date originally scheduled for the poll.

Air Marshal Asghar Khan, who helped lead the street agitation that resulted in the overthrow of Mr. Zulfiqar Ali Bhutto in July 1977, has appealed from detention to all Pakistanis to suspend commercial and industrial activity on the appointed day. Strikes are banned in Pakistan.

The Air Marshal's appeal has been made through his own party, the Tehrik-i-Istiqlal, which had fulfilled all the stringent conditions laid down by Gen. Zia for contesting the election. An action committee of the party, based in London, has been formed to fight for an end to military government and martial law.

The committee has urged people in Pakistan to demonstrate peacefully for the establishment of an elected government and against Gen. Zia's regime. The committee asks them to show that they do not accept his interpretation of Islam.

Fewer flee to Hong Kong

BY DAVID HOUSEGO

A SHARP DECLINE in the number of refugees fleeing from mainland China to Hong Kong has occurred following the protest made by Mrs. Thatcher to Chairman Hua Guofeng, the Chinese leader, in London last week.

The number of illegal immigrants arrested on entering Hong Kong dropped to 236 on Monday from a peak of 1,073 on October 31—the day before talks at Downing Street on bilateral issues.

Over the last 12 months about 200,000 legal and illegal immigrants from mainland China have settled in Hong Kong.

It is not clear whether the decline of recent days marks a lasting trend. There are doubts about China's ability to enforce fully the measures to which Mr. Hua agreed because the Chinese lack patrol craft to check movements by sea.

Canada ship control pact

By Victor Mackie in Ottawa

CANADA AND the U.S. will sign an agreement this weekend on a new shipping control system for the Strait of Juan de Fuca on the west coast to reduce the risk of oil tanker collisions and oil spills which could threaten Vancouver and the west coast environment.

President Jimmy Carter and Mr. Joe Clark, the Canadian Prime Minister wil lsign the agreement during the President's visit to Ottawa today and tomorrow. The Vessel Traffic Management Agreement has been under negotiation for five years and will involve co-operative radar surveillance, mandatory lane use and ship spacing for all vessels entering the Strait from the U.S. side and leaving on the Canadian side.

Senate threat to Fed legislation

BY STEWART FLEMING IN NEW YORK

THE SENATE Banking Committee has voted to approve a proposal requiring the Federal Reserve Board to pay interest on banking reserves which Federal Reserve member banks must keep with the Central Bank.

The significance of the vote lies in the near certainty that such a proposal will not be passed, or even put, to the Congress, and that it therefore represents a blow to the prospects of any legislation relating to Federal Reserve membership being approved this year.

This is a setback for the Federal Reserve, for a recent survey indicated that some 520 of the Fed's 5,480 members are on the verge of, or considering withdrawing from the Federal Reserve system, which would further accelerate a well-established trend.

The Fed has argued that decisions by banks to drop their Fed membership are already threatening to weaken its control of monetary policy. The measures the Fed announced on October 6 to attack inflation included a further increase in non-interest-bearing reserve requirements aimed at controlling bank credit expansion.

Their imposition has added to the risk of Fed members leaving to avoid posting such reserves, particularly among the smaller banks.

While the Senate Banking Committee appears to be placing obstacles in the way of legislation dealing with Fed membership, the House of Representatives has cleared a proposal which would require all depositary institutions to keep mandatory reserves with the Fed if total bank deposits subject to the Fed requirement fall below 67.5 per cent of total bank deposits.

Fed members now account for about 70 per cent of bank deposits.

Bolivia leader lifts martial law

BY ROBERT LINDLEY

BOLIVIA'S NEW regime, led by Col. Alberto Natusch Busch, stabilised yesterday to the extent that it was able to lift martial law and Press censorship, and allow Congress to re-open.

Col. Natusch also announced a "national revolutionary government of the left," which, he said on the state radio and television network will end in August, next year, after general elections in May. He also ordered the release of all political prisoners taken during the violent days of student and union protests against his military takeover.

With his promise that union rights would be respected, the unions called off their general strike.

Congress met in La Paz to discuss whether its President, Sra. Lidia Gueiler, should accept Col. Natusch's invitation to join his regime. Col. Natusch said that when he deposed Sr. Walter Guevara Arze, the interim President, he was not trying to thwart Bolivia's return to constitutional government.

He said his coup was a "necessity," because of "defective electoral political systems which had kept the country in stalemate since 1977."

Col. Natusch said action by the armed forces had ended, action which, he added, "we would have wished not to have taken but which we were obliged to take because of circumstances."

The Bolivian Human Rights Assembly has provisionally given the number of dead at 57 and the number of wounded at 193 as a result of the Air Force strafing rioters in the streets of La Paz, and the Army's ruthless tank sorties against protesters.

Nicaragua may start debt talks

BY HUGH O'SHAUGHNESSY

NICARAGUA MAY start discussions on renegotiating its $1.5bn foreign debt next month, according to New York bank officials. The move had been expected since July, when the Sandinista Government ousted the dictatorship of Gen. Anastasio Somoza.

Payments due by Nicaragua this year are estimated at $450m, but a further $150m is believed to be outstanding from last year. However, after the departure of Gen. Somoza foreign reserves were down to almost nil, while the civil war had resulted in widespread dislocation and destruction of the economy.

The gross domestic product is likely to fall by 25.1 per cent this year, according to the United Nations Economic Commission for Latin America.

Next year, according to the Commission's forecast, there will be a small trade deficit, with exports of $579m and imports of $650m, and a balance of payments deficit of $131m. Nevertheless, the economy is expected to recover much of the ground it lost this year, with construction doubling and gross domestic product overall growing by 18.2 per cent.

The Commission has suggested that temporary help for the Nicaraguan economy could include waiving barriers to Nicaragua's exports, and the granting of long-term, low-interest loans by the financial institutions.

Many of the loans made to Nicaragua in the last days of the Somoza regime were at high interest and on short maturities.

N-power for Cuba next year

PLANS FOR Cuba's first nuclear power plant have been completed, and construction will begin on the facility next year, the official East German news agency reported yesterday, AP writes from Berlin. In a dispatch from Havana, the agency said the power station will be built near Cienfuegos with technical assistance from the Soviet Union.

Some 25 Cubans have been undergoing training in the Soviet Union so they will be ready to operate the plant.

Fed policy backed

Mr. Roger Guffey, a member of the U.S. Federal Reserve Open Market Committee told a meeting of Swiss bankers and businessmen in Zurich yesterday that the Fed would stick by its anti-inflation policies despite the expected political pressures during the election year AP-DJ reports.

The president of the Kansas Reserve Bank maintained that the Fed was in a better position than ever to stand by its policies because the U.S. environment had changed, now that the public had experienced double-digit inflation.

Executives freed

TWO CALIFORNIAN executives kidnapped by Left-wing guerrillas in El Salvador seven weeks ago have been released, their company Beckman Industries, said yesterday, Reuter reports. The men are believed to be in good condition and were to be returned home immediately. To secure the release of the two who were kidnapped on September 21, Beckman placed advertisements in U.S. newspapers outlining the aims of the guerrillas. The company would not say whether a ransom had been paid.

Quebec strike talks

The Quebec Cabinet was called into special session late yesterday to discuss a threatened general strike by 200,000 public service employees, writes Robert Gibbens in Montreal. Most of the workers are employed in provincial schools and hospitals

In a personal view, Ian Davidson analyses the dangers for Zimbabwe Rhodesia whatever happens at the Lancaster House conference

The alarming implications of success over Rhodesia

THERE ARE two dangers in the Zimbabwe-Rhodesia conference now under way at Lancaster House in London. The first is that it will fail, and the second is that it may succeed; and in some ways the dangers of success could be greater and more serious than those of failure.

This is not to say that no good can come out of the conference. The British Government may, with luck and good management, be able to preside over the restoration of legitimacy to a black Zimbawean Government. But it is important to recognise that the UK is not facing a simple choice between a good result (an agreement at Lancaster House between the Salisbury delegation and the Patriotic Front) and a bad result (the breakdown of the conference).

Some of the dangers of breakdown are obvious enough. The war will continue, and large numbers of Rhodesians, black and white (and more black than white), will be killed. The pressures on the economies of those countries which support the Patriotic Front, notably Zambia and Mozambique, will get worse, and it is not improbable that the Rhodesian forces will do their best to conduct the war in such a way as to create the maximum economic and political difficulties for Presidents Kaunda and Machel.

The British Government, too, will be in some considerable embarrassment. Even if Lord Carrington succeeds in engineering the conference so that it looks as if it is the Patriotic Front which is the obstacle to agreement — and that certainly seems to be the tactic he has employed until now—the front-line States may not see things that way, and may blame him for being rigid and unreasonable.

The apparently precipitate suspension of even a small slice of Britain's sanctions legislation will come in for considerable flak from the Third World in the United Nations and in the Organisation of African Unity, and the flak will get worse if Britain even looks like carrying out its corridor threat to fall back on a "second-class solution," a bilateral deal with the Salisbury Government.

This "second-class solution" has not been spelled out in detail, but it is difficult to believe that it is more than an empty threat. Having advanced a constitutional plan which is significantly different from that of the internal settlement, it is logically impossible for the UK simply to recognise the Muzorewa-Smith regime on the basis of the present constitution.

On the other hand, it is inconceivable that the UK could attempt to implement the Carrington plan without the agreement of the Patriotic Front and without, therefore a ceasefire. That would mean sending in a British governor with a handful of assistants to take charge of the war against the guerrillas while at the same time attempting to hold elections.

Or should we imagine that the UK will merely require that Salisbury should legislate the constitutional changes called for in the Carrington plan (which reduces the number of white seats from 28 to 20 out of 100) and hold fresh elections, whereupon the UK would introduce parallel legislation in the Commons endorsing the constitution and recognising an independent Zimbabwe?

My own guess is that, in the absence of Patriotic Front agreement, a new constitution for Rhodesia would have to go a lot further than the Carrington plan in reducing the entrenched rights of the whites if it were to avoid the most frightful uproar in the OAU and the UN. And yet there is no doubt that Mrs. Thatcher will be under great pressure from her own supporters to do something that will lead to recognition of Rhodesia, whatever the outcome of the Lancaster House conference.

So much for the dangers of failure; those of success look just as alarming. The Carrington plan calls for a ceasefire, during which time the Salisbury Government would hand over to a British governor, and after two months or a little more, fresh elections would be held on the basis of a new constitution. The winner or winners of the election would form a government, the British would go home, and Zimbabwe would be legitimised as a free country after 14 years of rebellion.

The trouble with this is that the ceasefire, has yet to be debated formally at Lancaster House. At present there are five armies in the field in Rhodesia: the guerrilla forces of Joshua Nkomo and Robert Mugabe, the armed followers of Bishop Muzorewa and Mr. Sithole, and the official Rhodesian security forces.

The British Government seems to think that a ceasefire runs itself without a neutral force. But it can't be quite as simple as that. In the run-up to elections there will certainly be a great deal of intimidation on all sides, if only because the outcome of the election, in which many parties may be competing, is itself so uncertain. Remember, one black party or coalition of parties must get nearly 64 per cent of the black seats if it is to have a majority in the lower house. What happens if there is an "accident," or if Nkomo or Mugabe fail to discipline their followers?

It is one thing to supervise a ceasefire that is being observed, quite another to enforce a ceasefire that breaks down. There is talk of mustering a contingent of observers from various Commonwealth countries to supervise the elections. But there is as yet no agreement on a Commonwealth force to supervise and enforce the ceasefire.

If there are flagrant violations of the ceasefire (and it requires courage to assume that there will not be), two possible consequences follow: either the Salisbury regime's security forces will stay in barracks and remain "neutral," and there may or may not be pitched battles between the followers of Muzorewa and those of the Patriotic Front; or else the security forces will attempt to restore "law and order," and the British governor may find himself in charge of a continuation of the war against the guerrillas. In that case, it is difficult to see how he can extricate himself from Salisbury, or how Rhodesia can proceed through elections to freedom and legitimacy.

This is perhaps the main reason why the British Government has been insisting on a very short two-month interim period before elections; it fears that the ceasefire is more likely to break down the longer it is prolonged. The Patriotic Front is demanding a six-month interim period, because it believes that it needs more time to set up an effective civil campaigning organisation inside Rhodesia, and its demand is backed by influential Commonwealth governments.

No doubt the British Government is insisting on a short interim period precisely because it to believes that this may put the Patriotic Front at a disadvantage. If the major Salisbury parties emerge victorious from the elections, the position will be relatively simple: the police and the armed forces will continue to operate as before, with or without minor alterations, the regime will be internationally recognised and the guerrillas will be faced with an invidious choice. But if the Patriotic Front wins the elections, there could be a very nasty confrontation between their forces and the outgoing regime's security forces.

As much of the existing Rhodesian state clearly should continue in operation after independence as is consistent with black majority rule if the country is to have the maximum chance of building a new future. On the other hand, the Lancaster House conference may break down if the British Government does not agree to stretch the interim period significantly beyond two months.

In that case, it seems essential that there should also be a really substantial Commonwealth force, not merely to supervise the elections, but also to enforce the ceasefire. Above all this would commit the front-line states to the implementation of any Lancaster House agreement, and thus offer some hope that the British governor will not have to be rescued by helicopter.

The alternative is a strategy based on bluff: the UK would exclude or neutralise any observers; the governor would sternly deny any ceasefire violations, however many people were getting killed; and he would still charter a helicopter for D-Day + 60—just in case.

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PORTUGAL STEPS UP WINE EXPORT EFFORTS

Quest for another best-seller

BY JIMMY BURNS IN LISBON

PORTUGAL'S efforts to convince the world that there is more to Portuguese wines than port appears to be gathering steam again.

Recently Sr. Fernando Guedes, the "Grand old Man" of Portuguese wines, visited London to help launch the latest range of red and white table wines from the Dao region near Vizeu and from the Avelada "green wine" vineyards near Oporto.

As the head of Sogrape, Portugal's major table wine exporters, Sr. Guedes is not a man to back losers.

Just over 20 years ago he went to London to convince English merchants that the case-full of insipid looking liquid he had with him was really one of the most exciting young wines Europe had ever seen. Today his "Mateus Rose" ranks among the world's best-known and best-selling wines.

Sr. Guedes' return trip to London was undertaken for the same reasons as he went there two decades ago.

"When it comes to wines, I still look upon the city as the window of the international market," he said recently. "Be successful in London and you can conquer the world."

Later this month further evidence of the eagerness with which Portuguese table wines are being promoted will be evident at Lisbon's annual wine fair.

British, French, Italian, Belgian, Danish, U.S. and Polish wine importers have been invited to the fair by Portugal's export board, the Fundo de Fomento de Exportacao, and they will find the local emphasis almost entirely on red and white table wines, and in particular on Daos and green wines.

The aggressiveness of Portuguese wine exporters contrasts with the spirit that prevailed only six years ago. Then there was little incentive to look for new markets. Portugal had a willing and steady buyer in her African colonies, and these absorbed nearly 50 per cent of Portugal's total table wine exports. Daos and green wines were hardly promoted, but the growing success of Portuguese rose wines was already contributing to what was in effect a rather distorted sense of achievement.

With decolonisation in 1975 and 1976, Portuguese table wine exports suffered a downturn. Exports to Mozambique and Angola, which in 1973 peaked at Es 480m (£46.1m) dropped to Es 11m by the end of 1976. During the same period total table wine sales dropped from Es 2.3bn to Es 1.6bn.

Yet decolonisation turned out to be a blessing in disguise for Portuguese wine exporters. It stimulated them into devoting more attention to their other traditional markets as well as to new ones.

Trade figures for the period 1976-78 reflect this changing pattern.

Sales to the U.S. have increased from Es 586m to Es 1.1bn, to Canada from Es 146m to Es 293m, to Brazil from Es 48m to Es 109m, and to the EEC from Es 299m to Es 886m. In proportion to total table wine exports in 1978 of Es 3bn, the U.S. and the EEC share was of 32 per cent and 25 per cent respectively.

Efforts to lessen dependency on these traditional markets has prompted an increase in sales to such unlikely wine drinkers as the Japanese and the East Europeans. Exports to Japan have increased during the period from Es 37m to Es 69m. Exports to Communist countries, which before Portugal's 1974 revolution were non-existent, totalled Es 2.3m.

One of the more successful new markets to have been exploited has been Switzerland. Total sales to the Swiss have increased from Es 44m to Es 139m.

The 84 per cent increase in total Portuguese table wine exports in the period 1976-78,

helped by a combination of aggressive marketing and the growing competitiveness assured by the devaluation of the escudo, is an achievement in itself.

Nevertheless exports continue to be poorly diversified with more than 65 per cent still accounted for by rose wines. Last year Daos and green wines sales totalled only Es 70m and Es 231m respectively.

The latest drive to promote Portugal's lesser-known wines has been born from necessity. There is a growing feeling among Portuguese wine exporters that rose may have peaked — internationally the market is moving towards red and white.

The question is whether there is room for Portugal in this changing context.

Overshadowing Portugal's latest promotion campaign is the prospect of her future membership in the EEC and the possibility that Europe's two main wine producers, France and Italy, may react as unfavourably to Portugal's ambitions as they have done to Spain's.

Portuguese trade officials insist that their wines do not pose a real danger and that the introduction of quotas would be unrealistic, unfair, and unacceptable. Portugal's annual wine harvest is 10m hectolitres compared with 70m hectolitres in Italy and 65m hectolitres in France.

Given the fact that Portugal has an average annual domestic consumption of 6m hectolitres, there is little likelihood Portuguese wines will ever flood the European market.

"If we exported as many Daos as we do roses there would not be a drop left for the Portguese." said Sr. Guedes.

His view is that the future of Portuguese wine exports lies not in quantity but in quality.

It seems likely, then, that Portugal's latest export drive could well stimulate major changes in the structure of land devoted to wine growing.

The Portuguese are fond of claiming that they have some of the best wines in the world, but all too often bottles are poorly marketed, with the result that they are unable to compete in name with the European wines subjected to the discipline of "appellation controlee."

Italy gets go-ahead for Iran steelworks

By Paul Betts in Rome

ITALIMPIANTI, the engineering subsidiary of Finsider, the Italian state steel group, said yesterday its $1.5bn (£740m) deal to construct an integrated steel complex in Iran would go ahead.

Sig. Lucien Sicouri, the Italian company's managing director, said Italimpianti had signed a new agreement with the Iranian authorities earlier this month.

According to this agreement, the steel complex, which was originally to be built at the southern Iranian port of Bandar Abbas, will now be constructed in the inland region of Isfahan.

The original deal between Italimpianti and the former Iranian authorities involved a total of 22 contracts with an overall value of just over $1.5bn.

Following the new agreement, 3.5 per cent of the former contracts have been cancelled, but a number of new ones have been introduced in their place. Sig. Sicouri claimed that about 96 per cent of the original orders had effectively remained unchanged.

Manila diesel plant to MAN

By Daniel Nelson in Manila

ALMOST two years after its target date for selecting foreign companies to build a local diesel industry, The Philippines has finally agreed with one company, MAN of West Germany, to establish a plant for the manufacture of diesel engines of 90 hp and over.

The project represents an investment of 540m pesos (£35.5m), described by Sr Roberto Ongpin, the Minister of Industry, as "the largest single German investment in The Philippines."

In a separate development, Mr. Ongpin said negotiations with Perkins of the UK for the manufacture of engines in the 50-155 hp range were at an impasse because of disagreement over local content requirements.

Yesterday, however, Mr. Chris Kraushar, Perkins' director of associate and licensing operations, said that the company had just submitted a letter to the board accepting the local content requirements. The Perkins project is worth $100m.

Total to begin Sudan drilling

KHARTOUM — Sudan has agreed to allow Total, the French oil company, to explore for oil in a 6,400 square kilometer area in the Red Sea hills South of Saukin for a three-year period.

The agreement stipulates that Total should bear all exploration costs with the possibility of an additional two-year extension, should the search prove worthwhile. The French company will be making its first oil exploration in the Sudan. AGID, the Italian company, and Chevron of the U.S., had previously explored the same area but without result.

AP-DJ

Sharp rise in Brazil car sales

By Diana Smith in Brasilia

CACEX, Brazil's export bureau, estimates that the motor industry will export more than $1bn this year in vehicles, motors, parts and pieces by September.

The industry achieved exports of $745.2m, more than 36 per cent above the first nine months of 1978. The industry's total exports for that year were $827.7m.

The performance of manufactured and semi-manufactured items also continued to improve, accounting for 60 per cent of nine months exports of $10.9bn compared with a 52 per cent average in 1978.

U.K. fibre makers fail in bid for action against U.S.

BY RHYS DAVID

AN APPEAL by UK fibre producers for unilateral British action to restrain the growth in American imports of yarn and other textile products because of delays in obtaining measures at EEC level has been rejected by the Department of Trade.

The Commission was warned in April of the problems building up for fibre producers in the UK and other European countries, as a result of the surge in U.S. imports, in submisions by the UK industry and the European Federation of Fibre Makers, CIRFS. The case is till being considered in Brussels, however, and despite meetings between the Commission and U.S. Administration officials there are no signs as yet of any action being taken.

The latest request to the Department of Trade, contained in a letter from Mr. Geoffrey Turner, chairman of the Fibre Producers Committee asked for separate UK use of GATT provisions to restrain U.S. imports which have been showing signs of further acceleration in recent months.

In his reply Mr. Cecil Parkinson, a Minister at the Department, has indicated that the Government believes the problem should remain with the EEC. He is also understood to have warned that the Government believes imposition by the EEC of countervailing duties as the industry has requested could carry risks. In common with the EEC the Government appears to take the view that such action could provoke retaliatory measures and lead to a trade war accelerating the present slide towards recession.

The industry has been arguing that the EEC is entitled under GATT rules to bring action against the U.S. because of the access American fibre producers have to low cost oil feed stocks as a result of the two tier U.S. oil price system.

According to the latest figures from the British man-made Fibres Federation the U.S. captured 20 per cent of the UK polyester filament market in August and 15 per cent of the nylon carpet yarn markets. In the first seven months of this year the U.S. accounted for 20 per cent of all synthetic yarn imports into Britain, 16 per cent of household linen imports and 55 per cent of tufted carpet imports.

As well as capturing a substantial portion of the market U.S. imports are also depressing prices.

The UK industry is now waiting to see whether any further EEC action will be taken following the Council of Ministers meeting on November 20 when the issue is expected to be raised again by Britain. Leaders of the UK industry believe, however, that the EEC may want to continue to try to persuade the U.S. administration to enter into voluntary undertakings to restrain U.S. exports. There are severe doubts, however, whether such an agreement could be enforced by the U.S. authorities on American fibre producers.

● Imports of cotton thread from Turkey into Britain are to be cut in an effort to avoid further damage to the British textiles industry, the EEC commission announced yesterday, Reuter reports from Brussels. Only 428 tonnes will be admitted between now and the end of the year.

Imports into Britain are already running at double the maximum level notified to the Turkish Government of 2,940 tonnes for the year, the commission said. The product is Turkey's main export, making up 20 per cent of all its exports.

Cheaper credit terms for China sought

BY ROGER BOYES IN BONN

THE WEST GERMAN Government should support moves to classify China as a developing country and thus open the way for granting cheaper credit terms, according to an all-party delegation that has just returned from Peking.

Japan, China's largest trading partner, intends to raise the matter at the Development Aid Committee of the Organisation for Economic Co-operation and Development (OECD) later this month. If the move is approved, it will become easier to grant subsidised export credits to China.

Bonn has been reluctant to commit itself to the Japanese position, partly because it does not want Peking to have more favourable trading terms than Moscow—part of its conciliatory policy towards Eastern Europe—and partly because it does not want a free-for-all scramble in cheap financing.

However, the delegation—composed of Christian Democrat, Social Democrat and Free Democrat politicians—stressed that Germany should not oppose the Japanese moves. If Japan decided to go ahead alone with favourable credit terms, Germany would run the risk of being left behind in business.

China should not, in the delegation's view, be treated as a least developed country (LDC)—requiring large aid packages—but as a more-developed "threshold" country.

Reldan deal to extend Japan range

By Lucia van der Post

RELDAN, one of the largest of the UK's privately-owned fashion groups, has licensed Toray, the Japanese conglomerate, to produce a range of clothes first designed for Debenhams.

Under the agreement, Toray will manufacture in Japan Reldan's Ditto collection. The collection will be on sale in Japan and South Korea, and it is hoped that by next year it will be available in about 60 different stores throughout Japan.

This is the second phase of Reldan's association with Toray. Six years ago the company entered into a licensing agreement with Toray for its collection of separates, and Reldan departments were established in the popular Seiyu group of department stores, with sales worth about £2m.

A team of experts is going to Japan in January to hold a series of teach-ins explaining the fashion concept and how best it can be got over to the public.

Fall in UK drug exports

BY SUE CAMERON, CHEMICALS CORRESPONDENT

UK pharmaceutical exports during the first nine months of this year dropped by 3.8 per cent to £470.4m compared with the same period in 1978. But imports rose to £167.1m, a 14.6 per cent rise on last year.

The Association of the British Pharmaceutical Industry said that the picture was not as gloomy as these figures might at first suggest. It stated that the decline in pharmaceutical exports—which were down 5.3 per cent on last year in the first half of 1979—now appeared to have been "checked."

The association added that the increase in imports was not as worrying as the drop in exports. A substantial part of UK pharmaceutical imports was in the ports.

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The U.K. in International Capital and Investment Markets: A new assessment

The Exchange Control barrier has been lifted after forty years. But what lies ahead?

What are the short and long term implications for the flow of capital both in and out of the U.K.? What are the investment opportunities and pitfalls this new freedom will bring, and how will the U.K. adapt to free access to financial communities around the world?

On Monday, December 3rd, the Financial Times will publish a definitive Survey "The U.K. in International Capital and Investment Markets: a New Assessment," which will cover these important issues, and more. It will examine closely three main areas.

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Can the range of investment advice in all these areas match the opportunities available? How will foreign brokers make their presence felt in London? Which funds and unit trusts invest overseas, and what foreign alternatives now exist for the British investor?

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Rather than rush into ill-defined opinions, we have deliberately chosen December 3rd as the publication date for this Survey.

Between now and then, our journalists, correspondents and contributors around the world will be gathering information, facts and figures to produce the informed comment essential to this authoritative assessment by the Financial Times.

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New aerospace plan keeps group intact

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT does not intend to break up the nationalised British Aerospace group. Instead, it will convert the entire group from a statutory corporation into a limited liability company, and sell off to the public "about half" of the total shares.

This is the major change from earlier thinking on denationalisation of aircraft manufacture in the UK, contained in the British Aerospace Bill, published yesterday. The Bill comes before Parliament for its second reading on November 19.

When the Government originally announced its intention in the summer of denationalising British Aerospace, it was hinted that there was a possibility of selling separate parts, such as the Dynamics Group, responsible for space and guided missiles.

This has now been abandoned in favour of keeping the new British Aerospace Limited as a single entity, thus keeping the structure of the industry intact.

Mr. Adam Butler, Minister of State for Industry, announcing the Bill yesterday, said it had two main purposes. One was to ensure a healthy future for the business.

"Management will be free from political interference. By introducing the disciplines of the market place, and by ending the blurring of commercial objectives—which is one of the inevitable consequences of nationalisation—the new company will be made fitter, more efficient, and more capable of surviving profitably in highly competitive world markets.

"Second, it will enable the public at large, and particularly the employees of the company, to take a more direct stake in the aerospace business for themselves, rather than through the anonymous hands of the state. The national interest will continue to be represented by a substantial Government shareholding."

Mr. Butler said the size of this state shareholding had not yet been settled — it could be either a substantial minority, or a small majority holding. The Government would have no special powers over the new company, and would not intervene in its commercial decisions.

The new company would have to borrow the funds it needed in the commercial market, thus resulting in a substantial saving in the public sector borrowing requirement.

The Government's only financial power over British Aerospace Ltd. under the Bill will be to subscribe for, or to acquire, ordinary voting shares or convertible stock. This power would not be used to increase the Government's shareholding in British Aerospace Ltd. later.

Mr. Butler said that the sale of shares in the new company would take place as soon as possible after the Bill became law.

As with British Airways (in which a substantial minority of the shares is also to be sold to the public), the Government will no longer have the power directly to appoint the chairman and directors.

This will be the responsibility of the shareholders in the new company, but since these will include Government nominees, representing its substantial shareholding, the Government will clearly have some say in the matter.

World shipbuilding recession may last for two years more

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE world-wide recession in the shipbuilding industry is likely to continue for at least a further two years, according to British Shipbuilders. It reported yesterday that it had received orders for only two merchant ships worth £20m between July and September this year.

British Shipbuilders has, however, received orders for a further seven merchant ships and three defence vessels in the past few weeks. Yesterday it launched a new marketing strategy based on "families of ship designs" to encourage companies to place orders for classes of various sorts of cargo carriers, container ships and tankers ranging from 9,000 deadweight tonnes to 110,000 dwt.

Yesterday's statistics were reported in British Shipbuilders' returns for the third quarter of this year.

They showed that in the first nine months of the year, orders were booked for 19 merchant ships of 132,877 tons gross valued at £159m, compared with 12 ships of 77,000 tons worth £66m last year.

On September 30, the total merchant ship order book of British Shipbuilders totalled 76 vessels of 684,900 tons gross worth £576m compared with a considerably higher figure of 102 ships of 1.1m tons worth £642m a year earlier.

Overall during the third quarter, activity in UK shipyards declined because 14 ships were delivered to be replaced by the two fresh orders.

British Shipbuilders has said that it needs fresh orders for 45 merchant ships by next year to maintain the industry at the levels planned when 6,000 redundancies were announced a few weeks ago.

The seven ships that have been secured in the past few weeks, plus the two vessels obtained in the third quarter, mean that some progress has been made towards the 45 target although no precise assessment can be made because of the different types of ships involved.

Textiles chairman to resign

BY JOHN MOORE

MR. IVAN HILL, executive chairman of Illingworth Morris, the textile concern, will retire as chairman next March. He will continue as a director until September next year, but will not seek re-election at the next annual general meeting.

Mr. Hill, 73, became chairman of the group early in 1976 at the invitation of Mrs. Pamela Mason, ex-wife of actor James Mason, when she inherited a controlling shareholding through a legacy from her father, Mr. Isidore Ostrer.

Mrs. Mason, a director of Illingworth, warned the group at its annual general meeting in September, that it might make losses of up to £1m for the first half of the current year, ending September 30, adding there would have to be board changes.

Yesterday the group said losses will be worse than the £1m forecast at the annual general meeting, but stressed there had been no question of boardroom disagreement with Mr. Hill.

Illingworth said when Mr. Hill was invited by Mrs. Mason to become chairman it was envisaged he would keep the post for two years to see through the group's reorganisation.

Successor

A decision on a successor for Mr. Hill will be made in the next six months.

At the annual general meeting Mrs. Mason expressed her concern over the fall in Illingworth's profits from £4.68m to £3.36m in the last financial year.

Mr. Thomas Yeardye, who was recently invited by Mrs. Mason to join the board, was in London yesterday with the group's two chief executives, Mr. Peter Hardy and Mr. Donald Hanson. They discussed sales policy and met the group's merchant bankers and stockbrokers.

Illingworth said yesterday there was no indication Mrs. Mason was prepared to take over the chairmanship.

In the next few months Mr. Hill will help in the domestic market and overseas to finalise the reorganisation he initiated.

EEC 'should aid switch to coal'

BY MAURICE SAMUELSON

THE National Coal Board wants the EEC to set up a fund to assist the growing number of British manufacturers considering switching to coal from oil or gas.

The Board says since the UK coal industry is the only one in Western Europe with a big market among general industrial customers, the EEC has a major stake in further strengthening it and indirectly, UK industry as a whole.

It set out its proposals in September in a letter to Mr. Leonard Williams, the Commission's director-general for energy, and followed it up on Tuesday when Mr. Malcolm Edwards, the Board's marketing director, visited Brussels.

The fund, for which an initial £15m has been suggested, would complement the much bigger sums which the EEC Commission is to lend the board to improve the output of Britain's pits.

It would be available as loans or deferred payment terms to British companies who want to convert to coal but would otherwise have difficulty in raising the finance at the present rates of interest.

In its proposals to the Commission the board says coal supplies 11m tonnes of British industry's primary heat requirement of about 80m tonnes of coal equivalent and unless coal's share increases to about 40m in the next ten to 15 years, British industry will decline further.

Although a major change to coal is technically possible, there are financial obstacles, particularly for process industry, which is very weak, it says.

The cost of installations vary widely. Most small and medium installations cost between £20,000 and £250,000 each, with most costing £80,000-£100,000. The board saw a potential for many coal fired boilers, in the next 20 years, perhaps up to 25,000, mainly small or medium.

The proposals have been made at the board's own initiative, as a member of the European Coal and Steel Community, and the Government has not been brought into negotiations with Brussels.

In July, the European Commission decided to lend £93m to the board for a range of projects to increase efficiency in Britain's pits. Last month, Mr. David Howell, the Energy Secretary, proposed that the EEC should spend 250m units of account (about £160m) a year on subsidies to encourage coal production throughout the Community.

How BR closures can reduce subsidies

BRITISH RAIL'S internal review of its operations over the next ten years has said that closures of passenger services could save up to £30m a year in Government subsidies by 1989. This year the subsidy on passenger services is running at about £451m but is to be cut by £22m next year.

The confidential corporate review, now being discussed by the Department of Transport and British Rail, contains financial evaluations of a number of ways in which British Rail could make savings, including the option of closing some services.

While British Rail has denied that the review contains a list of passenger services that could be axed, it has said that it gave the Department of Transport a list of 40-odd loss-making services in 1975 and these were the areas that could still be considered for closure. These services are mainly in rural areas of Scotland and Wales.

The corporate review states that closures on the scale evaluated by the review would reduce the passenger subsidy requirement by £8m to £12m in 1984 and by £20m-£30m in 1989.

However, British Rail said yesterday that the years 1984 and 1989 were not "timetables for closure." It said: "An appraisal of the savings in Government support from the closure of heavy loss-making services is given for these years because they are the five- and 10-year periods covered by the review.

"Our job is to let the Government know our problems. It may think there are other options instead of closures, Mr. Norman Fowler, the Minister, may think there are other options such as higher fares, and substituting buses for trains in some areas."

On Wednesday Mr. Fowler denied in the Commons that British Rail had discussed with the Department of Transport, plans to close 41 passenger services and cut 900 miles from its network as a result of the recent reduction of £22m in passenger subsidies for next year.

In 1978 the passenger subsidy was £396m, in 1979 it is £451m and British Rail has said that in the last three years the cost of railways to the taxpayer has been reduced in real terms by 25 per cent. It has also said there is a serious risk of the cash ceiling being exceeded as early as 1981.

Britons turn from tea to something stronger

By Christopher Parkes

THE BRITISH are losing the tea-drinking habit, turning increasingly to beer, wine and spirits for freshment and taking in greatly increased quantities of crisps with their tipple.

Last year, tea consumption fell by more than half-a-pound a person to 6.4 lb a year—the lowest level since the war, the Ministry of Agriculture reported.

The average beer intake rose from 118 pints a year to 121 Spirit drinking apparently jumped half a litre to 3 proof litres a head, while wine consumption rose by almost two bottles per person to 7.5 litres.

Wine consumption has increased by almost 20 per cent since 1975, the Ministry noted.

Its latest edition of Food Facts, a review of food consumption, highlights the dramatic decline in sales of milk products since 1975. Last year average per capita consumption of milk was 16 pints lower than in 1975.

Butter consumption was 2 lb lower at 16.5 lb a head while margarine sales have risen to an average of 13 lb, up 37 per cent compared with the 11 per cent decline in butter.

The well-established downtrend in sales of bread and cakes continued during the four years under review. Sugar consumption is stagnant. Egg sales have improved only marginally in spite of considerable recent reductions in real prices.

While consumption of canned and dehydrated potatoes has fallen by more than 50 per cent, sales of crisps and prepared chips have continued to increase steeply. Between 1977 and 1978 alone, sales of crisps per head of population rose more than 2 lb to 17.8 lb while frozen and par-fried chip consumption moved from 16.5 lb to 20.4 lb.

Meat supplies continued to increase last year and reached their highest level since 1972 at 127.4 lb a head.

Use of dried peas and beans, shelled nuts and soya flour, the mainstays of many fashionable health diets, fell.

After rising between 1975 and 1977 to almost 6 lb a head on average, sales of soya flour and nuts dropped sharply last year to 4.6 lb.

Vehicle output better, but still below normal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ALTHOUGH CAR and commercial vehicle output recovered considerably last month after the national engineering dispute ended, it remained well below normal levels as disputes at car plants took their toll.

Provisional estimates from the Department of Industry today show that car production last month was 76,000 on a seasonally adjusted basis compared with 60,000 in September.

However, the total was well below the 83,000 produced in October last year.

Both Ford and BL had relatively minor industrial relations problems last month but the Chrysler dispute continued for most of the month, while the dispute at Vauxhall's Ellesmere Port plant continues.

Output of commercial vehicles last month was similar to the car sector. Production was 26,100 compared with 24,200 in September and 26,200 in October last year.

● Last month Ford imported 44.4 per cent of the new cars it had registered, not 55.6 per cent as stated yesterday. For the first 10 months of this year 49 per cent of Ford car sales were imports.

Violins fail to sell but pictures top £5.3m

SALEROOM

BY ANTONY THORNCROFT

THERE WERE disappointments in Sotheby's sale of musical instruments yesterday; most notably the failure of a Stradivari violin of the best period to find a buyer. The bids ran out at £85,000 and it was bought in. Some other fancied instruments also failed to sell. The top price was £23,000 for a violin by Nicholas Bergonzi, made at Cremona in 1979. A violin by Giovanni Grancino, Milan 1693, went for £17,500; a violoncello by Giovanni Battista Ceruti, made in Cremona in 1802, for £16,500; and a violoncello by Grancino for £16,000.

The James MacGillivray collection of 71 musical instruments totalled £30,879, with a highest price of £4,100 for an angled basset horn made in Vienna around 1800.

On Wednesday it was Sotheby Parke Bernet's turn to sell important Impressionist pictures in New York, for a total of £5,368,571. The collection of Paulette Goddard Remarque, the film star, made £1,482,689. The top price here was £266,666 for Cézanne's Paysage en Provence, while a Venetian scene by Monet sold for £209,523. An early self-portrait by Degas realised £100,000. In the general sale Van Gogh's Le Restaurant Rispal à Asnières sold for £376,190, while Monet's Chemin Creux à Pourville made £133,333.

Christie's sold three of the four Brussels tapestries from the History of Cyrus by Jan van Tigen for £60,500 yesterday. The fourth was bought in when the bidding reached £14,000. Two sold as a pair to an English country house, which will eventually show them to the public, for £38,500, while the other realised £22,000. The tapestries were executed in the mid-16th century and were sold by the Countess of Clanwilliam.

In New York on Wednesday Christie's sold a Picasso drawing for an auction record price of £102,439. It was Tete Classique, in black chalk and charcoal, and went to a Japanese dealer. Another record for a drawing was £68,292 which secured Toulouse-Lautrec's Au Cafe for a private American collector. Le Bain, a Degas drawing of 1883, went for £34,146.

Specialised insurance for estate agents

By Andrew Taylor

A JOINT company to provide insurance cover for estate agents, valuers and auctioneers has been formed by the Incorporated Society of Valuers and Auctioneers (ISVA) and Stewart Wrightson (UK).

The Estate Agents Act brought in earlier this year required estate agents to have insurance cover when taking deposits from the public.

Mr. Clifford Tippett, past president of the ISVA and chairman of the society's insurance working party, said: "The new company will provide professional indemnity and partnership insurance to all our members, not just estate agents."

The Society accepted the principle of mandatory professional indemnity cover for estate agents and hoped to make it a future requirement for membership, Mr. Tippett said.

Valuers Auctioneers and Estate Agents Group Insurance Services, has a capital of £10,000. Its formation will not affect the society's joint bonding scheme for deposits with the Royal Institution of Chartered Surveyors.

Oil-from-coal plant for North Wales

BY MAURICE SAMUELSON

THE GOVERNMENT has agreed to a site in North Wales for two pilot plants to extract oil from coal and help beat energy shortages.

The project, at Point of Ayr Colliery, is expected to be approved next year when cost estimates are completed.

Government agreement was announced yesterday by Mr. Moore, Parliamentary Secretary at the Energy Department, who said that Point of Ayr was chosen from 15 sites.

The National Coal Board welcomed Mr. Moore's statement as a significant step toward development of commercial-scale oil-from-coal plants needed in the 1990s to produce petrol, diesel and jet fuels and chemical feedstock.

Sir Derek Ezra, the NCB chairman, said he had "no doubt that before the end of this century liquid fuels and feedstocks made from coal would be able to compete in every way with identical products, at present processed from crude oil, in quality and price."

The two plants one for oil, the other for gas extraction, would each process 25 tonnes of coal daily with processes which the NCB has developed at its Coal Research Establishment at Stoke Orchard, near Cheltenham.

Small quantities of petrol have been successfully processed and tested in cars.

The pilot plants are expected to produce about 10 tonnes a day of liquid products similar to those from an oil refinery, and may operate two years after building starts. Engineers from British Petroleum work alongside the NCB's project team in the design phase.

The Government is making a major contribution to cost of design studies. The EEC has offered financial aid for design and building of the gas extraction plant.

Miners call on MPs to block imports

BY OUR LABOUR EDITOR

MINERS' UNION leaders decided yesterday to mobilise Labour MPs and other trade unionists behind a campaign for a Government subsidy on coking coal.

The British Steel Corporation has warned that the Coal Board could lose up to half its £300m-£400m coking coal market to imports because the domestic product is too expensive and the quality uncertain.

Mr. Joe Gormley, president of the National Union of Mineworkers, said yesterday after a meeting of his union's national executive committee: "In our opinion this is completely against the interests of Britain."

He believed there were new blending techniques which would solve the problem of quality coke for blast-furnaces.

But he admitted that the price was a "stumbling block." Other countries gave heavy subsidies to domestic coking coal.

The Steel Corporation is keen to sign long-term contracts with Australia, which can send coking coal to Britain at £10 a tonne cheaper than the native product.

Mr. Gormley said that this would be a mistake. He claimed that the coal would be cheap only for three or four years while the outcrop mining in Australia lasted.

Polish coal was also cheap because it was "heavily subsidised." South African coal was cheap because of the low rates of pay, he said.

The miners' union hopes to make a joint approach to Ministers with the steel unions.

Casino activities 'not normal practice'

BY JAMES BARTHOLOMEW

MR. REGINALD DOAK, chief inspector of the Gaming Board, said in Knightsbridge Crown court yesterday that a series of activities described to him by Mr. Michael Kempster QC, for the police, were not normal practice in the casino industry.

On the fourth day of Ladbroke's appeal against South Westminster magistrates' decision that two of its subsidiaries are "not fit and proper persons to be holders of gaming licences," Mr. Kempster went through a list of six activities allegedly practised by Ladbroke. They were:

- Taking car registration numbers;
- Using the police computer to find the identity of the owners;
- Sending the owners gifts and invitations to dine;
- Paying hall porters to introduce punters to casinos;
- Paying club members to sign in non-members.
- Paying commission on losses suffered by punters.

Asked if these activities were normal, Mr. Doak said "no" to all except the sending of gifts and invitations to dine. He said this practice was "not normal in the circumstances."

Mr. Doak read in court an advertisement which Mr. Cyril Stein, chairman of Ladbroke, issued in July.

In the advertisement Mr. Stein said the bearing before the magistrates amounted to a review of practices which had never been disapproved of by any authority and which were regarded as normal throughout the industry.

Mr. Doak said the Gaming Board had not given tacit approval to any of the six practices he was asked about in court.

The board had not expressed disapproval of the practices either, because it had not known that they were going on, he said.

Earlier Miss Louise Slade-Betts, former secretary to Mr. Alex Alexander, former managing director of the casino division, told the court Mr. Alexander was not in favour of the marketing department which was set up in 1977. She said Mr. Alexander told her "it was Mr. Stein's idea to do it."

She also said that Mr. Gordon Irvine, the marketing director, "reported more to Mr. Stein than to Mr. Alexander."

Bargains in vintage port

BY EDMUND PENNING-ROWSELL

BUYERS RATHER than investors had cause for satisfaction yesterday at Christie's half-yearly vintage port sale.

Though prices for old vintages were firm, they showed no advance and were often below the year's best; some indeed were below last year's best. Taylor attracted the best prices: '20 (£320 a dozen), '24 (£250), '27 (£185 for six bottles), '42 (£280) and '45 (£370). Other good prices for rarities included £300 a dozen for Warre '27, £280 for Fonseca '27 and £410 for Quinta do Noval '31.

Of the more widely available younger vintages, the generally more mature '60s went for just under £100 a dozen, with Taylor at £105. The distinguished '63s brought no higher prices apart from £130 for Taylor. The lighter, more forward '66s averaged about £72 a case, save for Taylor (£94), while the '70s were around £66, with Taylor again in front at £88.

Because the exceptionally fine '77s, just on offer, will average £96 a dozen, the more mature vintages yesterday were considerable bargains, with North American buyers prominent. The sale total was £67,005.

£574,000 rail grant aids port

THE Ministry of Transport will grant £574,000 to Immingham Rail Freight Terminals towards providing a rail-served warehouse at Stallingborough near Immingham, South Humberside.

It will secure on rail substantial tonnages of export and import steel passing through the port of Immingham. It will reduce heavy road transport in the area.

Insurance company not liable for Beirut losses

BY A. H. HERMANN

THE INSURANCE business was cleared in the High Court yesterday of responsibility for loss and damage caused by looting in the 1974 fighting in Beirut.

In a reserved judgment Mr. Justice Mustill held that Spinney's 1948 Ltd. failed to prove that the loss it then suffered in Beirut did not fall under the "war and civil commotions excepted" clause of its insurance policy with the Royal Insurance Company.

The decision is of great practical interest to insurance companies worldwide. The issue before the judge concerned the interpretation of the "war and civil commotion excepted" clause in insurance contracts, and its application to the Beirut fighting in 1976, referred to as "events" by the Lebanese authorities and as "civil war" by the rest of the world.

In the course of this fighting Spinney's Beirut store was looted and burnt down.

Spinney's says that the band which looted the store had no connection with warring factions, and that Royal Insurance should pay some £2m under its fire insurance policy.

Royal Exchange contested this claim, saying that the looters could not have operated as they did had not law and order broken down in Beirut at that time.

A number of journalists in Beirut then were called as witnesses. Their assessment of the law-and-order situation supported the defence of the insurance company.

The judgment will please Leadenhall Street. The British Bank of the Middle East lost up to £100m when the safes of its Beirut branch were looted on the same day as Spinney's store, and the queue of those with similar claims is very long.

Shoe industry deliveries down

DELIVERIES in the footwear industry in the three months ended August this year, were estimated to be 1 per cent lower, on a seasonally adjusted pairage basis, than in the three previous months, according to Department of Industry statistics.

Net new orders during the period were 27 per cent lower than in the three months ended May 1979, while at the end of August orders-on-hand were 26 per cent lower than those at the end of May this year.

The index of output in the three-month period to end-August was 4 per cent higher than in the previous three months.

● NEWS ANALYSIS—BUILDING SOCIETIES

BY MICHAEL CASSELL

Large loans will be sought from the City

THE announcement yesterday by Anglia Hastings and Thanet Building Society that it has gone to the City to raise mortgage funds provides a glimpse of the direction in which the building society movement may soon be going.

For despite the societies' undoubted success in raising funds and helping to push up the general level of owner occupation in this country, it is becoming more apparent that their best efforts are not good enough.

This week, the Building Societies Association emphasised that its members remained, despite a record volume of lending, a long way from meeting current demand for home loans.

With advances this year expected to reach an all-time high of £8.8bn (though inflation has meant that the number of advances will not be a record) the societies believe they are still as much as £200-£250m a month short of the funds to match demand, let alone overcoming the huge backlog which has built up.

If the shortage of mortgage funds in relation to demand was no more than a temporary problem, the societies could simply sit back and stretch available resources as far as they would go until conditions improved.

It may well be that the societies' current problems are exacerbated by present high interest rates and that their ability to meet home loan demand could improve next year if interest rates generally fall back.

Many societies believe they confront a much longer term problem and that a reappraisal of their traditional methods of raising finance is now vital.

The fact that the societies have become increasingly less able to help finance larger loans—though £20,000 can no longer be regarded as an unrealistic sum for many home owners to seek—is a symptom of the pressures on their resources.

An examination of the societies' present income-gathering technique is now under way at the highest level, with a committee established by the Building Societies Association due to report its findings at the end of the year.

The committee is looking at a range of alternative systems, notably borrowing from pension funds and insurance companies and issuing marketable loan stock.

It may decide that no such fundamental changes in policy are required but, if they are, the societies will be anxious to emphasise that any fresh source of funds will continue to play a secondary role to their traditional dependence on retail savings.

Though the Anglia Hastings and Thanet scheme is for large loans only and the additional costs will be passed on to the big borrower, societies will be primarily concerned about the wider impact on their interest rates if they decide to raise more expensive wholesale money for general use.

For so long as the societies wish to base their operations on a blend of social and commercial guidelines, the cost incurred by their 5m borrowers will remain a major consideration.

Under the present constraint of the mortgage rate, the societies have little room for manouvre. To raise sufficient funds to finance mortgage demand, the societies should be contemplating a mortgage rate in excess of the record 12¼ per cent due in January.

If interest rates generally move still higher in the next few weeks an even higher mortgage rate may well have to be considered, though there are clear limits to the extent that existing (if not new) borrowers could be stretched.

The societies could then expect to be confronted with enormous political pressures to keep loan costs down. The result could be a rapidly dwindling supply of mortgage finance.

Yesterday's announcement from the Anglia Hastings and Thanet is not only a demonstration of the belief in some circles that a proportion of funds will in future have to be tapped from fresh sources, it is also an open attempt to win mortgage business at the top end of the market.

The societies have removed themselves almost entirely from this particular arena, although it has always been a small part of their overall business. The banks have wasted little time in stepping in.

Bank advances for house purchase stood at £244m in the quarter ended this August against £108m a year earlier and the total is growing.

Apart from the numerous overseas banks now offering mortgages at commercial rates, the Midland Bank, Lloyds and Williams and Glyn's have so far joined the mortgage market at the top end.

Lloyds is operating a pilot scheme for loans of £20,000 and above at 3 per cent above bank base rate, while Williams and Glyn's is offering loans of up to £100,000 at the same rates over a maximum term of 20 years.

The Midland scheme offers loans from £20,000 to £150,000 for periods of up to 25 years and interest is charged at 2½ per cent over base rate. Anglia Hastings and Thanet says its own new scheme will be fully competitive for this type of business.

'Big rise in N. Sea oil prices'

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices could rise to between $45 and $65 a barrel in real terms by the end of the century, according to the latest projections of the Department of Energy.

A departmental report on national energy policy published yesterday says that officials feel that old prices could rise between 1.75 and 2.5 times present levels.

North Sea oil, which accounts for some of the most attractive types of crude traded in the international market, is now being sold on a contract basis *for up to $26.27 a barrel.* It is among the most expensive oil in the world—commanding a price nearer to $40 a barrel on the spot cargo market.

The report says that price increases would be influenced by the rate of world economic growth. *As prices rose there* would be a general transition towards the use of fuels other than oil.

"The world's energy problem is to manage this transition smoothly so that it takes place with minimum impact on growth, employment, living standards, the balance of payments and individual liberties."

The world's energy problem was both serious and urgent, the report continues. Because major energy projects involved lead-times of 10 years or more, most of the *decisions* which would affect energy supplies over the next decade had *already been taken.*

The report is based on a paper presented to the City University in May by Sir Jack Rampton, Permanent Secretary at the Energy Department. However, topically it includes the warning: "What has happened in Iran shows that we cannot rely on the future being free of unpleasant surprises. We cannot assume that even when energy exists it will, in fact, be available."

The UK is fortunate, the report goes on. It has substantial *reserves of oil (2.3bn to 4.2bn* tonnes) and of gas (the equivalent of a further 1.3m tonnes of oil), and very large reserves of coal (45bn tonnes worth, enough to last 300 years at present extraction rates). The country had a well-developed national electricity grid system and considerable experience of nuclear power.

Stocks of depleted *uranium* in the country had the energy content of 40bn tonnes of coal if used in fast breeder reactors. The UK also had one of the best sites in the world for a tidal barrage (the Severn Estuary) and had access to considerable energy potential in the waves.

Consequently, net energy self-sufficiency would last for "some years" from 1980. But this self-sufficiency did not isolate the UK from the world's energy problems. In one sense it added to them.

"While we are self-sufficient our balance of payments, and so our exchange rate, will be stronger than they would have been had we been energy importers. This could affect our ability to export against the time when we have once again to pay for energy imports."

The report advances five ways of reducing future energy *risks:* flexibility in planning, diversification of supply, co-operation between *producers and consumers,* conservation and efficient use of energy, and greater public understanding of the problems.

"National Energy Policy," Energy Paper No. 41; SO, £1.50.

British Airways' profits 50% down

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS' profits for the first half of this financial year, from April 1 to September 30, fell by nearly 50 per cent compared with the same period last year, *in spite of big* increases in traffic and revenue.

The net profit for the six months, after *interest,* tax and other charges, and including profits from subsidiaries, was £67m compared with £116m last year.

Mr. Ross Stainton, chairman, said yesterday that these results "show a marked deterioration" in the airline's finances.

"Although revenue rose by nearly 12 per cent, the increase was more than offset by a 20 per cent rise in expenditure, due mainly to a 44 per cent rise in the fuel bill."

Passenger, cargo and mail traffic on scheduled services increased by 16 per cent. But because the capacity offered (the number of seats and the amount of cargo space for sale) rose by 9 per cent, the airline's *load factor rose from 63 per cent* to 67 per cent.

Mr. Stainton said the average earned from each passenger decreased 4 per cent, due partly to the greater number of passengers flying at cheaper fares, and partly to the reduced *sterling value* of revenue earned abroad, because of the strengthening of the pound *against foreign currencies.*

"More than half of British Airways' revenue is earned overseas," he said.

The effect of this drop in yield was worsened because of the time lag between fuel price rises and compensating fares

Mr. Stainton said the airline was trying to *minimise* the effects of fuel price rises—one, announced, is a cut of 5 per cent in fuel consumption this winter, which may mean some cuts in flights.

Higher productivity 'vital for chemicals industry'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL COMPANIES operating in the UK are likely to start closing some of their *less profitable businesses* in an attempt to improve overall productivity. Mr. Eric Sharp, chairman of the U.S.-based Monsanto's UK operation and newly elected president of the Chemical Industries Association.

Mr. Sharp, whose appointment was announced last night, says the productivity of UK chemical companies is still behind that of French and German competitors. He says the British chemical industry needs to *improve* its performance by about 5 per cent over the next few years if it is to *catch the best Continental* groups.

One way in which companies can *improve their productivity* is by pulling out of unsuccessful areas which do not fit well with their main business. Monsanto has gone some way along this road—*in May it closed its* European nylon business at the cost of 2,300 jobs of which 1,500 were in the UK.

But Mr. Sharp *does* not believe that moves towards higher productivity will necessarily lead to cuts in the UK chemical industry's total work*force. He claims* that a strong industry will be able to expand and so "mop up" the extra *people.*

He believes an improvement in performance is essential if *the industry is to overcome the* difficulties it faces and he warns that this winter could be *tough for UK chemical com*panies. Chemical imports to the UK are 20 per cent higher than last *year,* while *exports* have remained "flat." Meanwhile, there is a danger that *some companies* will be unable to rely on secure energy supplies — particularly gas supplies.

"Energy is likely to be our biggest problem this winter." Mr. Sharp says. "I'm hoping to have discussions with Sir Denis Rooke, chairman of the British Gas Corporation, to see what can be done to improve the supply position for chemical plants. A dialogue between the chemical industry and the corporation is long overdue."

It is likely the discussions with British Gas will centre on *the starting up of new plants* which need gas either as a feedstock or for power. The cor*poration has said it cannot take* on new customers, but the Chemicals Industries Associa*tion points out* that a *rigid* attitude by British Gas will result in costly chemical plants *lying idle.* Mr. Sharp says firmly that "we do expect that the corporation might be more generous."

Tariffs

British Gas admits that the present disparity between the prices charged to industrial consumers and domestic tariffs—the *latter are lower*—is "not sensible." The corporation wants to end it. This should go some way *to meeting criticisms by the* association that Continental chemical companies often have an advantage over UK *ones* because in countries like France industrial gas prices are lower than domestic tariffs.

"It is disturbing that the chemical industry has constantly had to plead for recognition of its special needs for continuity of supply as well as a rational pricing policy for energy and feedstocks," Mr. Sharp says.

"*Unlike* the energy industries, the chemical industry cannot pass on to its customers *and its customers' customers* the full increase in energy and feedstock prices."

Mr. Sharp *says* the *other* threat facing the UK chemical industry this winter is the possibility *of an increase in imports* —particularly from the U.S. He speaks of the "burden" of U.S. imports although he is quick to stress that Monsanto in the U.S. is "not involved."

He says U.S. attention seems to be focused chiefly on third markets though the European chemical industry is meeting U.S. competition from sectors such as polyester and nylon carpets.

"If the import penetration of *major* sectors of the UK economy continues, this will inevitably restrict the opportunity *for home sales of chemicals.* Imports account for more than 75 per cent of home demand for synthetic fibre textile products. There has also been a significant penetration of the UK home market for motor cars by overseas car manufacturers —*imports* account for 50 per cent of home demand. Both these sectors are important downstream *customers* for chemicals."

In spite of fears of competition from abroad and energy shortages at home, Mr. Sharp says he would like to achieve greater recognition of the chemical industry's contribution *to the British economy* during his two years as president. He succeeds Sir Raymond Pennock, *of Imperial Chemical Industries* in the presidency, but, unlike Sir Raymond, he has not spent 30 years in the chemical industry.

He started as a civil servant, first with the Board of Trade and later with the Ministry of Power. He *still looks* rather more like a civil servant than an industrialist and he has something of the air of Sir Alec Guinness's Smiley.

"I have a high respect for *senior civil* servants and I can say—with great modesty—that my early career has given me a *broader knowledge than perhaps* some others in the industry have. It helps to have been a *civil servant, especially when* I find ex-colleagues on the other side of the table."

Overseas student applications fall 8%

By Michael Dixon, *Education Correspondent*

AN 8 per cent fall in applications from overseas students to enter UK university courses next year was reported yesterday by the Universities Central Council on Admissions.

Next year fees for overseas entrants will be raised an average of *150* per cent. Staff and students of higher educational institutions are protesting against the increases.

The council's first count of new applicants—made annually on October 15, when about a fifth of total applications have usually arrived—showed 1,964 overseas candidates for entry in 1980.

This compared with 2,131 considered for entry this year, *when fees for foreignrers* were raised 33 per cent, bringing the charge for undergraduates to £940

But the 1,964 candidates for entry in 1980, who will face fees *of at least £2,000 for arts* and social studies and £3,000 for science and technology, are still *up by 9 per cent on the* applicants for entry in 1978 when the undergraduate fee was only *£705.*

The council's figures also show a 1 per cent increase—from 27,791 to 28,156 — in the number of UK applications for the 1980 intake. Unlike overs*eas students almost all* UK entrants have their fees paid by State funds.

Bullion dealer calls for banks to intervene on gold market

BY DAVID MARSH

CENTRAL banks should intervene on the *gold market to help* reduce price volatility according to Mr. Robert Guy, director of London *bullion house* N. M. Rothschild.

He told a conference in *Johannesburg,* central bank participation in the market would be a logical consequence of the *decision taken* by many countries to revalue official gold reserves at a market-related level.

"It seems strange to revalue and then not feel free to either support the price in order to protect one's reserve assets, or to sell into the market *if* it is felt that the price is too high and the proceeds could be better used in another asset," he said.

The suggestion that major central banks intervene on the gold market was briefly discussed—*mainly* at the initiative of the U.S. — during the International Monetary Fund annual *meeting last* month, but no action was taken. This is the first time a prominent member *of the international bullion* community has mentioned the idea.

Mr. Guy said he was not advocating a new Gold Pool—a reference to the system in force between 1965 *and* 1968 under which central banks tried to prevent the market price exceeding the then official level of $35 per ounce.

But intervention by central banks "would help *to* reduce the very volatility of which some are so quick to complain."

Gold valuation procedures by individual central banks varied greatly. Mr. Guy suggested central banks should revalue in a common manner on the basis *of* the system used for the *partial pooling of reserves* in the European Monetary System.

EEC central banks set a new valuation every three months for 20 per cent *of* the gold in their reserves, on the basis of the average market price over the preceding six months, or the average on the penultimate *working day in the* period, whichever is the lowest.

The UK Government's decision last month to abolish *restrictions on British residents'* holding of gold would give further encouragement to suggestions for setting up a gold futures *market* in London, Mr. Guy said.

Institute of Directors names Scots organiser

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Institute of Directors has made its first staff appointment outside London by *recruiting a* full-time organiser for Scotland.

Mr. Donald Hardie, director of a small business, and organiser of the Scottish pro-European campaign in the EEC referendum in 1975, began work yesterday from an office in Edinburgh as the Institute's Scottish director.

He said he hoped considerably to increase the present membership of 700 directors belonging *to one of the four "circles" in* Edinburgh, Glasgow, Dundee and Aberdeen.

"I hope that we will not become known as merely a group of directors from famous large companies. We must attract members *from small* firms because they need support most.

CONTRACTS

Steel sheets to improve canal

BRITISH STEEL CORPORATION has won an order worth over £2.5m to supply sheet piling to the British Waterways Board for the South Yorkshire Canal *improvement scheme. The canal,* opened more than 250 years ago, is one of the oldest navigable inland waterways in the UK.

Produced at BSC works at Scunthorpe and Cargo Fleet, *Teesside, the piling will* be used in the reconstruction of nine locks and in improving the 15-*mile navigation channel* between Doncaster and Rotherham. Deliveries are being spread over three years.

Costing about £10m the canal improvement scheme will enable vessels up to 700 tonnes d.w. to reach Mexborough, and those up to *400* tonnes d.w. to reach Rotherham.

BRITISH AIRPORT EQUIPMENT group, a consortium of aviation ground support equipment manufacturers, has won a £1m contract from the Nigerian *Airports Authority for the newly-*opened Murtala Muhammed airport at Lagos. BAE are the only British suppliers to receive an order for this big new airport *styled on Schipol, Amsterdam.* The terminal building will have 31 checking-in positions

Manufacturers involved in the contract are Reliance-Mercury (towing *tractors for* Boeing 747 aircraft), Cargomatic (aircraft loaders), CM Aviation GSE (*toilet and water servicing* vehicles), Weldwork Cargo Systems (container storage equipment), Raynar Power (air conditioning unit), Watergil Engineering (airstairs and two bars), AMHEC (maintenance services).

The Port of Singapore Authority has placed an order worth over £800,000 for 44 *Haulmajor roll-on,* roll-off dockyard tractors from the Halifax-based company Re*liance-Mercury.*

*

The Post Office is to buy 880 specially designed 120 baud modems from ATS TELEMETRY, Haywards Heath, for use with the PO's planned national radio paging system. ATS has also developed a *micro*processor encoder to enable different manufacturers' "bleepers" to interface with the network. Valued at £200,000, *the modem and encoder equip*ment will be installed over the next two years, to provide a ser*vice for 1.4m customers through*out the UK.

ENERGY REVIEW

BY JOHN LLOYD

Bad dreams at Belvoir Vale

Terry Kirk

The two faces of Belvoir—the traditional past and the possible industrial future

THE SUCCESS of pressure group politics depends upon making a case which, though it may draw its immediate inspiration from local grievances or fears, has universal, or at least national, significance.

As a general rule, this will do. It needs qualification in each particular case, of course. A pressure group in a village which wants a road to curve away from, rather than through, it (or vice versa) does not have to make much of a case for or against motor transport: its defence implicitly rests on a shared concept of the value of rural peace. On the other hand, arguing against a development of some national importance—such as the third London airport—requires more than a demonstration of local nuisance.

In short, there is something of a sliding scale. If the development against which one wishes to protest is a minor one, then much depends on being more militant than the next parish in one's opposition. If it is major, then it increasngly depends on outsmarting the government—the local moral case is rarely strong enough by itself to prevail over the national argument: the "I don't want" must give way to "we need."

NCB proposal

So it is with Belvoir, where, [illegible] against the north-east [illegible] of Leicestershire, the National Coal Board have proposed a three-shaft mining development which would produce [illegible] tonnes of coal a year for the next half century. The inquiry into the proposal began last week and will last for months. [illegible] groups opposing the [illegible] early that [illegible] in not wanting [illegible] near their homes [illegible] based on [illegible] would, at [illegible] a few palliatives. [illegible] decided—indeed forced—to challenge that [illegible] needs that coal. [illegible] end, they have gone [illegible] siderable time, trouble [illegible] in hiring learned [illegible] and equally learned [illegible]. The protestors are [illegible]: they include the [illegible]shire and Nottinghamshire County Councils, the various parishes and borough councils in the Vale of Belvoir, rambling, cycling, fishing, and landowning groups, at least one utility (water), and the National Farmers' Union, locally and nationally. Their silks and solicitors sit in serried ranks in the flimsy hall (owned by the National Union of Teachers) in which the inquiry is conducted, and each knows his fee depends on his being as persistent as possible.

This means, first, that every witness whom the NCB brings for the defence of its proposals may be cross-examined by a variety of lawyers: and second, that the groups themselves may bring as many witnesses as they choose to argue a contrary case who will, presumably, have to submit to NCB cross-examination. The scope for interminable disputation is evident: already, Mr. Michael Mann, QC, the inspector, has complained that in more than five hours of cross-examination of the Board's first witness, little was learned.

Thus the first lesson of the Belvoir inquiry is that two parallel developments in our society—the pressing need for large-scale energy projects, and the growth of community and environmental pressure groups—have developed a relationship at once dependent and antagonistic. Within the framework of that relationship, the issues which the development throws up are debated by hired experts in public and a resolution is arrived at which weighs up the arguments on each side, as well as the strength of the local case.

There is clearly a large public gain here. The NCB's Plan for Coal, created necessarily rapidly in 1973-74 on the back of the first oil crisis, is a far reaching one, based on a host of energy projections and assumptions. While it received the approval of both the Government of the day and of the mining unions, in the nature of things it was little understood beyond these circles. Calling the plans of a powerful monopoly to account can bring about that wider understanding.

But there are losses, too. In a recent lecture, Mr. John Mills, the Board's member for production, ruefully commented that our times might come to be called the "Age of the Environment," and said that the time now taken to fight new mining projects through the various planning stages might mean that only 10m tonnes of new capacity would be on stream by 1985, as against the 20m tonnes planned.

Mr. Mills went on to assure his listeners that this would not mean that the NCB would fail to meet its target of 120m tonnes of deep-mined output by 1985—it would be achieved by "a slower rate of exhaustion and the more extensive development of existing capacity." There is some scepticism in energy circles as to whether the target can really be met—deep mined output has continued to fall since 1974—but it is certainly the case that the Board has perforce modified its strategy in the direction of a more careful husbanding of existing workings.

Yet it has not wished to do so: it has been pushed by a combination of environmental restraints and the reluctance of the National Union of Mineworkers to agree to a speeded up programme of pit closures. Further, the effect of this strategy change is to carry on with production from pits which are often unprofitable, in some cases dramatically so. Environmentalism costs money: the NCB's present calls for Government cash, now being chewed over by the Treasury, are likely to be over £600m.

There is a subsidiary point here, one raised by Mr. David Hall, the director of the Town and Country Planning Association, in a statement to the inquiry. The association, which had intended joining the queue of pressure groups, has been forced to withdraw because of a straitened budget: he reckoned that the mounting of even a very low level representation would cost around £40,000.

"We are not alone in this predicament," he said, "and yet again the case is reinforced for there to be some form of financial support for objectors at major public inquiries . . . . The persistent unwillingness of successive Governments to see the need for providing some financial help for objectors at major inquiries undermines public confidence in the inquiry process and inhibits the proper examination of the proposals themselves."

The reluctance of Government to subsidise the wielders of rods for what would usually be their own backs may be understood: but Mr. Hall's complaint found much sympathy. Some protestors, like the county councils and the farmers' union, were well enough funded: others relied on fund-raising drives, and were worried that the inquiry might stretch beyond their ability to pay their lawyers. Several made the point in private that the two sides in such confrontations were almost grossly always unequally matched: local groups against the unlimited Government purse. As we have seen, that grossly underestimates the cost to the Government or state industry side. But pressure for such a subsidy will clearly grow as these inquiries become more and more a feature of the social and political landscape.

Second lesson

The second major lesson to be gleaned from the inquiry to date is that the Coal Board is taking the proceedings extremely seriously. It has three QCs: its senior counsel, Mr. Robert Alexander, has full powers over the way the Board handles its case.

An indication of the board's seriousness was the revelation, by Mr. Alexander on the second day of the inquiry last week, of the board's proposals to close all six existing Leicestershire mines, plus four more in South Nottinghamshire by the end of the 1980s, moves which would affect more than 8,000 mineworkers. Normally, such matters as intended closures are locked deep in the Board's corporate heart; they are deemed—rightly, in recent months—to be explosive.

Indeed, it is likely that he was able to do so only because the union takes the matter as seriously as does the board: it has separate representation, with its own counsel, and is at pains to assure the inhabitants of the Vale among whom its members will live, that mineworkers are not an alien breed of semi-savages who clatter to work in clogs before dawn, but are more likely to drive there in a Cortina worrying vaguely about the mortgage repayments.

This active concern of the mineworkers to ease the development in the Vale with the least possible hostility (rather than merely sheltering behind the juggernaut of the NCB) is an impressive feature of the inquiry. It rests on the implicit fact that, unlike the NUM nationally, the Notts and Leicestershire areas have accepted the need for closure in their clapped-out mines.

That hand has also been strengthened, in the months between the announcement of the inquiry and its official opening, by the Iranian crisis and the resurgent fears of nuclear power stimulated by the accident at Three Mile Island.

The Department of Energy—which will take a neutral position in the debate—is even now working out the implications of the publication of the Leach report on energy conservation. Its ministers' speeches are already, more frequently peppered with injunctions to industrialists and householders to switch off, batten down, and close up. At the same time, no one appears to know for sure whether the Government is committed to greatly increased expenditure on nuclear power and, if it is, whether it must be undertaken at the expense of coal.

Thus the NCB is not so self-assured as the measured cadences of its counsel would suggest: it still sees itself battling for the re-establishment of its case with the present Government. Its nightmare—that the rug is pulled from beneath its feet in mid-inquiry by an announcement that coal investment is to be cut back—is likely to remain merely a bad dream, but possible enough to ensure great care in arguing its case at Belvoir.

Mr. Alexander may formally address Mr. Mann—but behind the inspector on the dais the [illegible] is the Cabinet and the Prime Minister, whose enthusiasm for nuclear power is well known and whose birthplace, Grantham, is not five miles away from the inquiry hall. An enthusiastic protestor confided that he wa ssure the Prime Minister would not allow the environs of her birthplace to be violated by mines—and it says much for the NCB's anxiety about the project that it is not sure it can quite dimiss the point.

LORD ROBBINS URGES A SINGLE EUROPEAN CURRENCY

'Western Europe must unite to survive'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CREATION of a single monetary unit in Western Europe in order to curb inflation and to produce stable conditions was urged last night by Lord Robbins.

Lord Robbins, Professor of Economics at the London School of Economics from 1929 to 1961 and chairman of the Financial Times from 1961 to 1970, was delivering the second Mais lecture at the Centre for Banking and International Finance at the City University.

His lecture was called "Objectives of monetary policy past and present." The main theme was that "somehow or other inflation must be stopped, at any rate in the main Western states of the world."

Lord Robbins was critical of some of the claims of advocates of generally floating exchange rates. In particular he challenged the "fundamental argument for floating rates, whether correct or not, which is that they provide an easier way of adjusting to changes in international demand and supply than adjustments of money incomes."

He was "reasonably clear that we have outlived the epoch in which governments could get away with the adverse results of internal policies by simply relying on changes in rates of exchange."

Lord Robbins also argued that in the long run a system of floating rates could be maintained only if it involved exchange control somewhere or other. "Otherwise the anticipation of change leads to movements of funds which may be highly disequiliberatory and may eventually lead to the disuse of those currencies which are expected to deteriorate fastest."

However, he suspected that such a deterioration was unlikely whatever might be the case in a world in which each currency area was committed to maintaining stability in the internal value of money, and exchange markets looked after changes in the terms of trade.

Lord Robbins discussed various alternative proposals for reform. In his view "a completely international system cannot be recreated yet awhile, even if that were thought to be more desirable than other imperfect arrangements. But we can possibly hope to eliminate some of the elements of instability in the present international situation by some consolidation of financial arrangements among the countries of Western Europe."

Federal aim

He stressed the need to go much beyond the present arrangements and proposals since "with different rates of growth in money supply in the different Western European centres, a system of fixed exchange rates must inevitably break down."

After discussing proposals for issuing a new European money system, parallel with existing currencies, he argued that the fundamental objective was that "eventually there should be one Western European money so that transactions between what are now areas of independent money supply should involve no more complications than at present take place with transactions within these areas.

"In the last analysis, I doubt very much whether eventually the different societies of Western Europe will survive unless they are prepared to re-adjust to some sort of federal unity—and of such unity a common money must be an important, although by no means the only, essential feature."

LORD ROBBINS

"I doubt very much whether eventually the different societies of Western Europe will survive unless they are prepared to readjust to some sort of federal unity—and of such unity a common money must be an important, although by no means the only, essential feature."

Damaging

On the domestic side Lord Robbins stressed his conviction that the control of aggregate expenditure in one way or another is still the main hope of restraining the alarming decline in the value of money which has been the outstanding internal menace to free societies in the years since the second world war.

He said: "The essential truth of the so-called monetarist attitude is the contention that continuing marked disparities, either way, between the rate of change of output and the rate of change in the money supply lead to damaging changes in the value of money."

He added qualifications to this view. For instance, he repudiated "the suggestion that any sane monetarist regards the influence of the supply of money as uniquely and at all times correlated with the volume of production."

Lord Robbins also stressed the need to take account of cost inflation and of some role for variations in fiscal policy. He said he was reluctant to forswear in all circumstances recourse to any fiscal instruments.

In a discussion of incomes policy Lord Robbins said he was clear that "the method of controlling inflation by general control of wages and salaries is one which has only limited justification in very exceptional circumstances; and even then it gives rise to false expectations."

Failures all

Such circumstances occurred when: "inflation having become something of a social menace generally recognised as such, steps are being taken, either by action on the money supply or by appropriate fiscal measures, to bring it under control."

Lord Robbins argued that "in such a position there can be no doubt that, if wage and salary demands out of harmony with the proposed reduction in the rate of inflation are achieved, and the Government stands firm in its anti-inflationary policy, then unemployment will tend to increase.

"On the contrary, if there is restraint in such quarters, either voluntary or statutory, this need not happen.

"This then is the genuine use of such policies, not to curb inflation—that is better done in other ways—but rather to prevent an increase of unemployment. Admittedly they cannot be expected to work for ever: all such policies known to me, at least in democracies, have sooner or later come to grief."

FOOD PRICE MOVEMENTS

	November 8 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton ...	1,220	1,220	1,220
British A.1 per ton ...	1,200	1,200	1,200
Ulster A.1 per ton ..	1,200	1,200	1,200
BUTTER†			
NZ per 10 kg	13.60/13.77	13.20/13.37	13.20/13.37
English per 10 kg	17.67/18.07	17.67	—
Danish salted per 10 kg	18.35/18.65	18.35	18.35
CHEESE‡			
English cheddar	1,450/1,505	1,450	1,450
Irish cheddar	—	—	—
Danish cheddar	1,420	1,420	1,420
EGGS*			
Home produced:			
Size 4	3.90/4.00	3.80/3.90	3.80/4.10
Size 2	4.25/4.65	4.30/4.60	4.50/4.60
	November 8 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	60.0/65.0	60.0/65.0	60.0/65.0
Eire forequarters	44.0/46.0	42.0/44.0	43.0/44.0
LAMB			
English	50.0/56.0	52.0/56.0	48.0/52.0
NZ PLs/PMs	51.0/52.0	51.0/52.0	50.0/51.0
PORK			
All weights	41.0/50.0	41.0/49.0	40.0/50.0
POULTRY			
Oven-ready chickens ...	38.0/40.0	36.0/40.0	38.0/42.0

* London Egg Exchange price per 120 eggs. † Delivered.
‡ 20-kg rindless blocks, delivered, per tonne.

New dispute at the Times

BY CHRISTIAN TYLER, LABOUR EDITOR

A DEMARCATION dispute has broken out at the Times only days before it is due to reappear after its 11-month shutdown.

The dispute is about two new machines for stacking newspapers as they come off the presses. The argument centres on whether the button controlling the flow of papers into the machines should be controlled by a member of the National Graphical Association or of the National Society of Operative Printers, Graphical and Media Personnel.

Last night, the Times said that the dispute was not considered a serious threat to republication of the newspaper. It was one of a number of "brush fires" which the paper had expected to erupt as details of new operating agreements were sorted out.

The Times, due to reappear on Tuesday, was closed down by the company last November 30, along with the Sunday Times and the three supplements. The aim was to secure agreement on new disputes procedure, manning levels and co-operation with new technology.

A specific agreement covering the use of the stacking machines—counter-stackers—was part of the eventual return-to-work settlement.

Although Times executives appear to be taking this new trouble in their stride, senior officials of the unions are involved in talks to try to settle it.

Shell tanker drivers reject 20% pay offer

BY NICK GARNETT, LABOUR STAFF

SHELL'S tanker drivers and distributon manual workers have voted to rejected the company's pay offer, worth about 20 per cent.

Shell told Transport and General Workers' Union negotiators when it made the offer that there was probably no further money available unless it was linked to improved productivity.

Union officials, in recommending rejection of the offer to the 2,000 strong workforce warned the company that there had to be more on basic pay and that productivity would only be discussed separately.

Esso has made a similar offer to its tanker drivers for which the union is recommending rejection. The same level of offer is expected to be made by BP and Texaco in negotiations over the next week.

Once these proposals have been made—and almost certainly rejected—a new round of talks with the companies will begin.

Unless the oil companies stick to their present offer—a policy which would result in industrial action—the eight to 10,000 tanker drivers appear to be heading for settlements considerably above 20 per cent, possibly around 25 per cent.

This might set the pattern for negotiations in other areas of the oil industry, for example the refineries.

The Shell and Esso offers involve an 18 per cent increase on the present basic of £78, taking it to £92. Overtime earnings would rise at a similar rate.

Both companies have offered improvements in conditions which Shell estimates at about another 2 per cent. Esso is understood to estimate its conditions package, which is better than Shell's in certain respects.

Tanker drivers settled in the last wage round at about 12 to 13 per cent but most of this resulted from a change in the way overtime payments were calculated. Basic pay increased by only 4 per cent.

The percentage increases in tanker drivers' pay has tended to be below that of general haulage drivers over the past three years, particularly in light of the 22 per cent settlement achieved by haulage drivers in the last round.

General haulage drivers are currently settling on increases of about 20 per cent, taking their 40 hour basic to £76 or £77.

Miners accept timing change

By Christian Tyler, Labour Editor

MINERS' UNION leaders voted narrowly yesterday to accept the Coal Board's proposed timing of their next wage deal. But they confirmed that the board's outline offer of between 11 and 15 or 16 per cent was just too low.

By 13 votes to 12, the national executive of the National Union of Mineworkers accepted a timetable that would restore their traditional pay anniversary date of November 1, but not until 1981.

Outside NUM headquarters in London, about 300 miners from Scotland, Wales, Nottinghamshire and other areas shouted "no sell-out" as the executive arrived to consider the board's latest position.

The NUM conference this sumer set a claim of £80 a week for surface workers and £140 a week at the coalface, increases of between 30 and 65 per cent. There will be further talks on Tuesday.

Despite insisting that there had to be more money next time, Mr. Gormley made it plain that he did not see the conference claim as more than a target, which probably would not be met this year.

"They have got to respond and there will have to be a pretty hefty increase," he said.

The NUM president said he hoped to have a settlement by the end of the month, and a ballot of the 240,000 members early in December.

British Steel to lift Ravenscraig threat

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BRITISH Steel Corporation will lift its threat to suspend production at Ravenscraig, one of its largest and most modern plants, when the first ore is unloaded at the Hunterston terminal on the Clyde on Monday.

Earlier this week, the corporation said it might still have to close the steelworks from the end of the month in spite of the settlement of the inter-union dispute that has kept Hunterston idle since it was completed last spring.

Ravenscraig has been modernised at a cost of £250m and depends on the new terminal for supplies of high-quality ore. During the dispute, deliveries were erratic and substandard, disrupting production. The corporation had said it would take time to build up ore supplies, meaning the closure of the plant with 9,000 men laid off.

Last night Mr. Jake Stewart, BSC's Scottish director, said that the suspension threat would be lifted immediately ore landed on the quayside.

He gave no reason for the change in policy, although it is known that unions have put strong pressure on the corporation. The works council at Ravenscraig voted to try to operate the plant without management help.

A Norwegian bulk carrier, the Ancora, is heading for the Clyde from Rotterdam where she has been waiting for the dispute to end. She will unload 119,000 tonnes of Brazilian ore on Monday for transportation to Ravenscraig by rail.

Following talks last weekend at TUC headquarters in London dockers agreed to lift their blacking of the terminal and to do all work on ships. The unloading cranes at Hunterston will be operated by members of the main steel union, the Iron and Steel Trades Confederation.

Gormley to quit Labour inquiry

BY OUR LABOUR EDITOR

MR. JOE GORMLEY, president of the National Union of Mineworkers, said yesterday he thought the committee of inquiry into the Labour Party was "pointless," and that he was quitting the trade union group that demanded it.

He said he had written to Mr. David Basnett, general secretary of the General and Municipal Workers Union and chairman of Trade Unionists for a Labour Victory, announcing has resignation from the TULV.

Last night the committee was meeting to prepare its views for the inquiry, on which five of its member will sit.

Mr. Gormley, for five years chairman of the party's important organisation committee in the 1960s, said that the party conference decisions in October meant that the inquiry was a "farce."

He said the party was now Left-dominated. "There are certain people on the national executive committee who want a Marxist party. That is OK. But I tell you nobody will vote the party back to office on that platform."

Last night, Mr. Basnett said that the committee was determined to press ahead with the inquiry. "We want to create a broadly-based party with sufficient finance and an internal democracy that is widely acceptable. To withdraw from it at this stage would defeat the whole purpose of our request."

Post Office engineers back action

By Our Labour Staff

POST OFFICE engineers yesterday voted to take industrial action over a claim for pay increases of 10 per cent if an attempt to take the claim to arbitration failed by January.

Delegates at a special conference in Blackpool of the Post Office Engineering Union, which represents 120,000 key telecommunications workers, set the deadline after hearing a report that moves over the claim were deadlocked.

The union reached agreement in July on increases averaging 16 per cent, though the conference was told yesterday that the deal gave rises worth 21 per cent. The union accepted the offer, but made it clear it would be pressing a further stage of its overall 25 per cent claim later.

Though delegates voted yesterday for possible industrial action, a similar vote taken at the union's annual conference in June led to a deferment of the action three weeks' later after substantial progress in negotiations with the Post Office.

Drivers' strike may close 15 Manchester factories

PRODUCTION at Ward and Goldstone's 15 Greater Manchester factories is threatened with a total shutdown from tonight because of a strike by 36 transport drivers. More than 3,000 employees have already been laid off and the management of the cable and electrical products group says a further 1,000 will be idle from tonight.

The company has plants at Salford, Leigh, Eccles and Monton, and all are dependent upon each other for materials and components.

Mr. Michael Goldstone, managing director, said yesterday: "Because of the strike, nothing is coming into or out of our Greater Manchester locations."

The strikers, members of the Transport and General Workers' Union, handle the movement of goods internally and between the various factories.

Contract firms are normally used for other haulage work but pickets are preventing vehicles from going through the factory gates.

The dispute concerns a demand by members of the transport section for their shop steward to be part of the cables division negotiating team in the absence of any regular member.

Seamen's talks continue

THE National Union of Seamen, representing 34,000 ratings, received yesterday an improved offer from the General Council of British Shipping. Talks were still going on late last night.

The pay and conditions package offered to the union last month was worth about 15 per cent. Union negotiators were expecting a new offer worth about the same as that made to Merchant Navy officers. That was made up of 17½ per cent on pay and 2 per cent for improved holiday arrangements.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Acquires airframe test data

UP TO 1280 channels of high speed data can be acquired by an equipment which has been supplied to British Aerospace Aircraft Group at Wharton, Lancs, by Base Ten Systems of Farnborough.

It will be used in new programmes of static and structural airframe testing and is believed to be one of the largest of its kind, with expansion capacity for 4096 channels.

In operation, the Base Ten Magus system energises the various transducers used on the rig (strain gauges, displacement transducers and load cells), multiplexes and amplifies the transducer outputs and then digitises the resultant signal. After being formed up into a pcm data stream, the information is fed to a minicomputer (a DEC PDP-11) where the serial information is processed to provide real-time data for the rig personnel in both graphical and tabular form.

An interesting feature of the system is that much of the setting up can be implemented by program changes which can be manual or computer generated, including the gain and offset of each channel, pcm characteristics, speed and resolution. More from 12 Eelmore Road, Farnborough, Hants. (0252 858888).

Shops will be linked

DIXONS is putting its 220 High Street branches on the line in a £1m contract with ICL which covers the supply of 225 of the new ICL 9512 point-of-sale terminals and six ICL 9540 terminal controllers.

One of the most significant orders obtained to date by ICL from a multiple retailer for the 9500 series point-of-sale terminals, it was won against offers of equipment by several American, Japanese and European suppliers. ICL was one of only two companies which could meet the Dixons specification.

Installation of the first 9512 point-of-sale terminals in High Street branches will start before the Christmas shopping rush gets under way and be completed by mid-1980. Six terminal controllers will be installed at Dixons' computer centre at Stevenage and will eventually be linked direct to all branches. There, a 2960 large machine has been operating since March. ICL House, Putney, London SW15. 01-788 722.

● PROCESSING

Safety vacuum oven

WHERE accelerated drying, solvent removal, impregnation and controlled atmosphere work is involved, a vacuum oven from Gallenkamp will protect the user in the event of implosion.

If the inner glass of the door (12.5 mm toughened glass is used) should fracture, a 4 mm thick shatterproof transparent polycarbonate sheet will prevent the exit of flying glass fragments.

Temperature control within the oven is by means of a direct reading hydraulic thermostat which is scaled from 80 to 200 deg C in subdivisions of 10 deg C. An independent safety thermostat is also fitted.

Three shelf spaces of 355 by 280 mm are provided within the working volume of 31 litres. A vacuum gauge and two diaphragm valves are provided, and the unit will operate at any pressure up to atmospheric.

More from A. Gallenkamp and Co., P.O. Box 290, Christopher Street, London EC2P 2ER (01 247 3211).

● METALWORKING

Precise shapes produced fast

NEW APPROACHES to spark erosion as a method of machining in production operations have been adopted by Charmilles and the company is taking a lead in the design and manufacture of such equipment for continuous production processes.

Charmilles has a new spark-erosion head unit which, in conjunction with standard or tailor-made components, can be linked up to provide fast, precise and reliable machining of holes and special shapes.

Flexibility is important as it provides the answer to many of the previous difficulties of using spark-erosion in production operations. For example, up to now the standard tool room type machines in this category have restricted both the use and location of electrodes and workpieces. What is more, previously, it has been almost impossible to achieve a production flowline because of the need for manual manipulation of electrodes and of components before and after machining.

Charmilles can offer users an economical, yet individually designed installation which includes the possibility of automatic feeding of electrodes as well as the automatic handling of workpieces as part of a total production process.

Charmilles has given its new head three distinct mounting faces for electrodes and scope for many accessories including different types of electrode mounting. The head can be orientated for machining at any angle.

Automatic refeeding of electrodes after each machining cycle permits compensation for wear, so a pattern of electrode rods, for example, can be automatically realigned against a gauge or even the workpiece itself before the next cutting operation begins.

Complex production lines can be built up with numerous options of multiple heads together with mobile worktables, indexing to bring workpieces into position for new or subsequent machining.

Unlike normal erosion work in toolmaking, production component machining is seldom carried out in the submerged state—dielectric fluid, in this case, for flushing and swarf removal is continuously flooded on the workpiece and carried away so that there is no obstruction in the production line.

Prime requirement for the equipment in production is for machining holes, grooves, or special shapes (valve seatings, for example) into hardened steel. Other methods would require the metal to be machined before the hardening process which would then distort the component.

Spark erosion will produce a clean, blemish-free hole, without burrs. Absolute accuracy of dimensions is another benefit, vital in high technology industries such as aerospace.

Charmilles UK, Shepherd Road, Cole Avenue, Gloucester (0452) 35944.

Automated welding

DIVERSIFICATION into industrial arc welding robots is announced by Head Wrightson Machine Company, Middlesbrough, a Davy Corporation company.

The move is intended to fill a gap in automated welding technology for batch processing in the UK. Industrial robots offer flexibility and automation, coupled with increased productivity and consistent quality of an end product.

The robot being marketed by Davy, is all-electric, stepping-motor driven with full six axis contouring capability. It is accurate to ±1.2 mm, permitting the welding of heavy gauge material or sheet.

Linear layout presents the operator with a clearly defined rectangular work area free of any "dead" areas, as is often the case with polar robots. Another advantage is modular design which allows the axis lengths to be extended, or arranged as necessary, to suit different types of work.

Choice of model include floor or gantry mounted, with 3, 4, 5, or 6 axes.

The equipment can be driven to various points along a contour by the operator using a hand-held control. This enables him to [illegible] position from the best vantage point before entering it into the computer memory. Once the program is established it may be stored on cassette.

The machines are well-proven and established, having been supplied to major companies in Europe by their designer and manufacturer, Languepin of France.

The robots are suitable for many applications including automotive components, materials handling equipment, mining equipment, cranes, trucks, special vehicles and heavy engineering components.

Head Wrightson Machine Company, Durham Street, Middlesbrough, Cleveland TS2 1PN. 0642 241155.

● MATERIALS

Will resist frost and skids

ITS FIRST interlocking clay pavers for sand bedding have been announced by Ibstock Building Products, Ibstock, Leicester (0530 60531).

Made with a wirecut, non-slip finish in red and brown the pavers are fired to 1100 degrees C. to produce high quality dense products with excellent frost and skid resistance, and low water absorption, claims the company.

● COMMUNICATION

Records the hoaxer

WHERE IT is felt necessary to record incoming telephone calls to a switchboard from emergency callers, or from bomb hoaxers or similar persons, Diversified Corporate Services can provide a suitably modified dictation machine.

The company points out that although the equipment is Post Office approved, each request for connection has to satisfy three conditions: over-ride must be available on switchboard positions, that is, lock-out of other operators must occur once recording has started; there must be a bona fide reason for wanting to record calls; and an audible signal must be made to a responsible person that a call is being recorded.

The company will deal with requests to the Post Office.

Connection of the recording equipment is made via a Post Office supplied connector for which a small quarterly rental is charged.

Costs, subject to survey, might range from about £450 for a single line to £800 for 20 lines.

Diversified is at 1, Prince of Wales Passage, 117, Hampstead Road, London NW1 3EE (01 388 4915).

● SAFETY

No risk when on the mat

WHERE industrial machinery must be guarded to protect operators and maintenance staff from injury, there are situations where conventional approaches such as physical interlock barriers cannot easily be used.

This is particularly so where the machinery is large, and personnel must step right inside it to carry out work. In such a case, there is always the danger that while one person is inside the machine, and possibly hidden from sight, somebody else could re-close a physical safety barrier and start the machine.

It was this kind of potential danger that faced Shorko Films on a newly developed production line for the manufacture of polypropylene film, and led them to install 3M safety switch mats.

One of the largest of its type in the world, the machine converts raw material into a continuous flat web of polypropylene film 5 metres wide. It is a fully automated production line, with the finished film wound on a take-up roll mounted on the winder turret. When one take-up roll is full (or earlier if under manual control), the winder turret automatically rotates, the film is fed to a fresh take-up roll, and a 5 metre wide cut-off knife cuts across the web, so the full roll can be removed.

Under normal circumstances, personnel do not need to approach the danger region within the winder turret. However, if the continuous film web has for some reason broken, or is malfunctioning, then the re-threading of the web through the winder turret and on to the take-up roll involves the operator entering the turret.

At this stage the operator is at risk since, should the turret start the changeover sequence from one take-up roller to the other while he is inside, he is in danger both from the enveloper roll and from the cut-

Shorko looked at conventional mechanical interlock guards, photoelectric beam devices, and the 3M safety switch mat.

Mechanical guards were not considered to offer adequate protection and because they could hinder the operators in an operation where speed is essential. Photoelectric beam devices were also dismissed because of the problems of effectively covering a substantial floor area with beams.

The mat, however, offered an unobtrusive, fail-safe system that met all Shorko's requirements and four mats were installed in the danger area. Each mat contains an array of electrical switches. This switch underlay is covered with a thin, durable ribbed rubber overlay. As long as a person is standing on the mat, around 20 of the switches make contact, and via an electronic control box linked to the mat and to the machine power circuitry, prevent the winder turret from being started. Only when the operator has stepped completely off the mats (which means he is out of the danger zone), and the reset button on the control box has been pressed, can the winder turret go through its roll changeover sequence.

3M is at 3M House, POB 1, Bracknell, Berks. RG12 1JU. 0344 26726.

Prevents freezing of pipes and valves

MANY OUTDOOR and some indoor small bore pipelines and valves, even if insulated, are vulnerable to freezing in wintry conditions. The situation is not improved by the moves in an industry and commerce under the "Save it" campaign.

Conserving energy by insulation techniques can aggravate dangers of freezing for existing pipelines, located for example in factory and office roof voids, normally kept above freezing point by "waste heat."

A new electric trace heater—the Deltatrace STF—intended specifically for the protection of water pipes, valves and tanks, has been introduced.

Available in lengths from 3.5 to 100 metres it is suitable for the protection of all emergency water pipelines such as fire mains, sprinkler systems, safety showers, as well as process and non-essential lines which, if ruptured, can cause heavy damage to property, plant and stock, and interrupt normal production.

Under freezing conditions and using a thermostatically-controlled system, Deltatrace STF automatically replaces the heat loss through the thermal insulation, thus maintaining the pipe at a temperature above zero C, yet without excessive use of electrical energy.

Deltatrace consists of twin ptfe-insulated conductors within a braided stainless-steel armouring, making it mechanically tough to withstand impact, resistant to most forms of chemical attack, weather-proof and capable of tolerating temperatures up to 200 C and high transient voltages under fault conditions.

Having earthed armouring and low heat loadings (5, 10 and 15 watts per metre), the device ensures the safety of personnel. Its flexibility allows easy installation by spiralling around pipes, valves, pumps and other in-line equipment.

Delta 'T' (Trace Heating), 155 High Street, Potters Bar, Herts. (0707 44866).

● FINISHING

Automatic high-speed gold plating

HIGH SPEED gold plating baths have been announced by Degussa for the rapid deposition of hard gold plating in modern high speed plants.

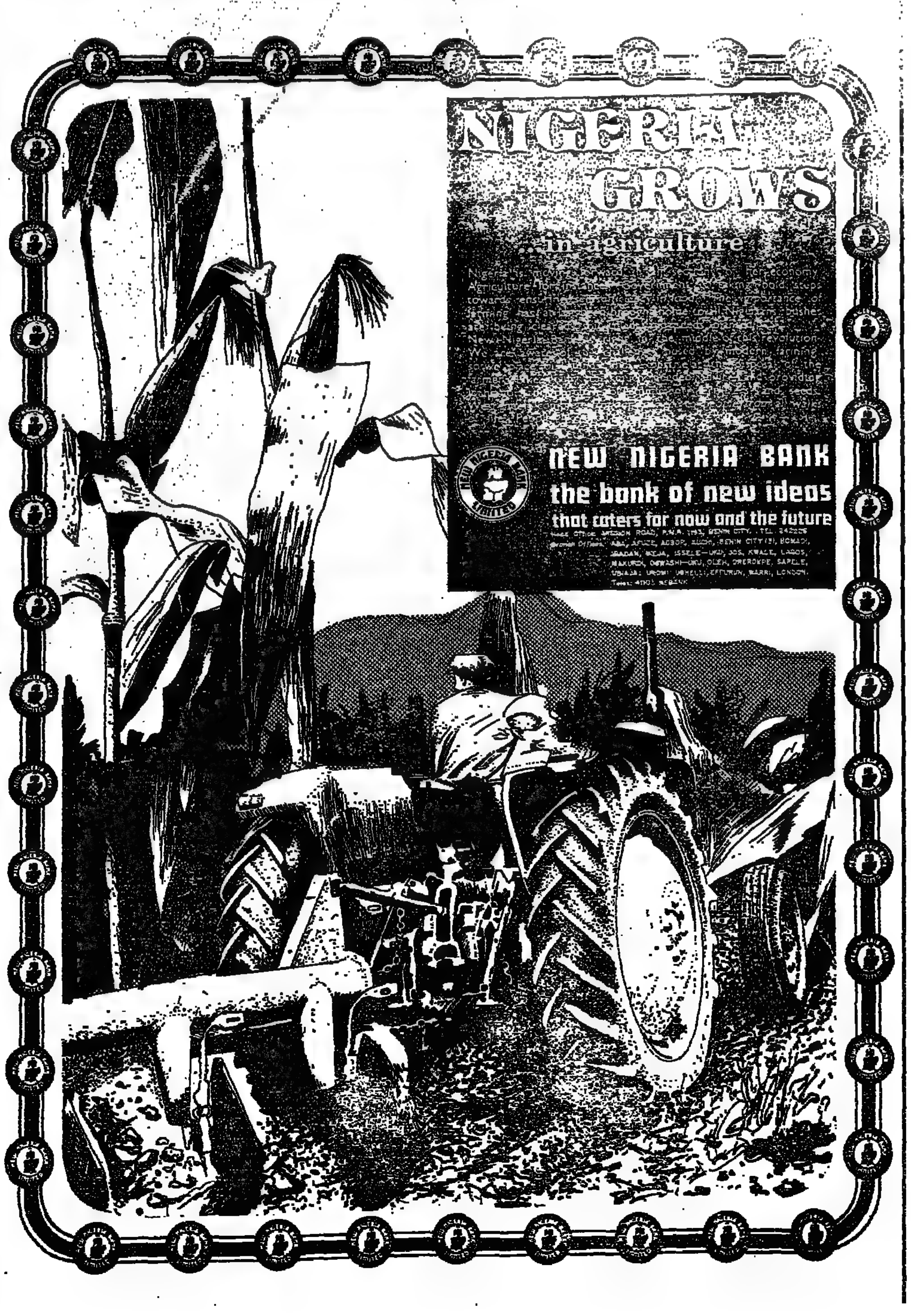
Typical applications for the processes, which are known as Auruna 7000, 7100 and 7200 will be for the automatic high speed gold plating of printed circuit boards, in plants involved in selective electroplating and in continuous conveyor plant.

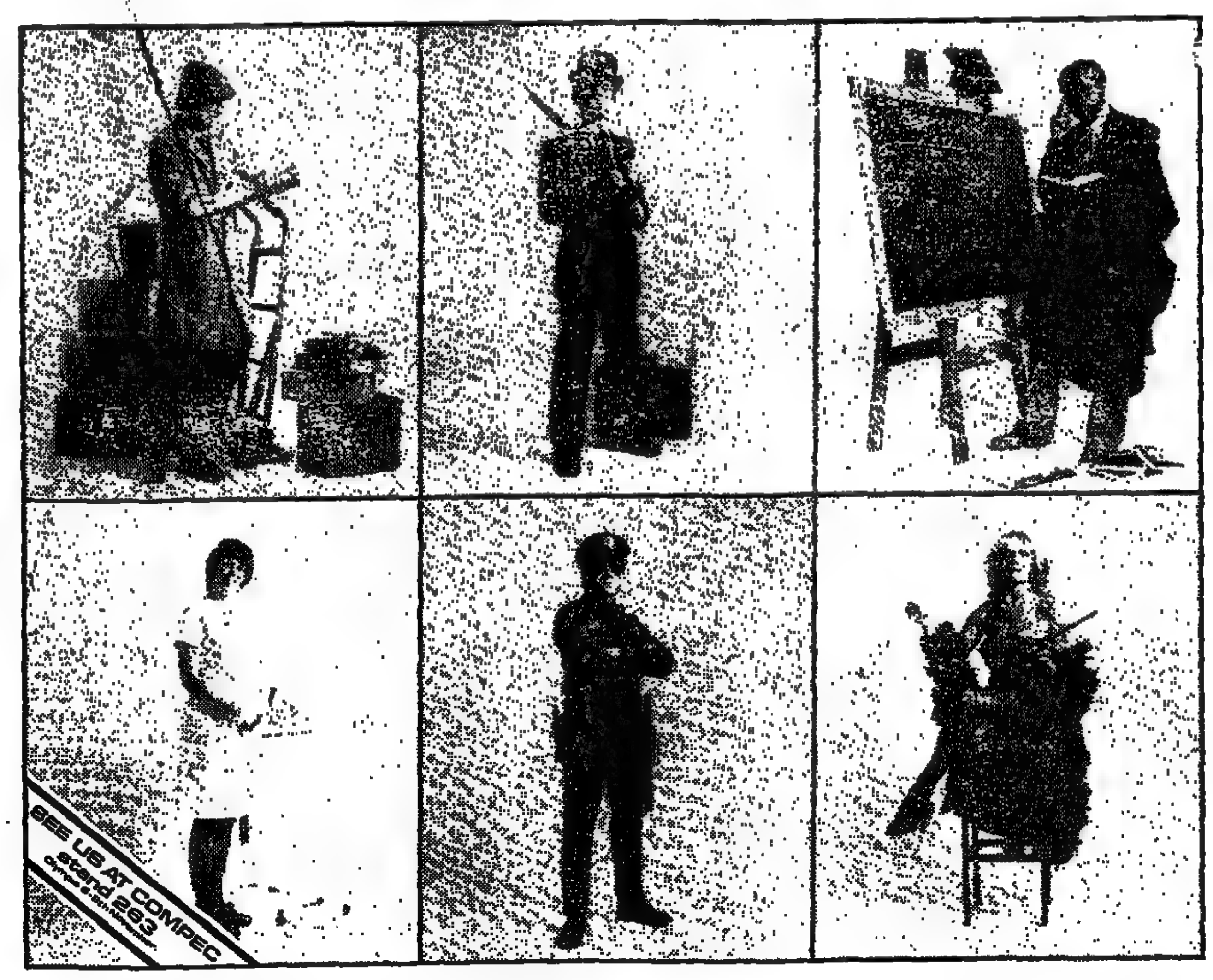
Current density used and the deposition rate that can be achieved are dependent on the plant employed, but maximum current densities lie between six and 60 amps per sq decimetre while the deposition rates range from two to 15 micro-grams per min.

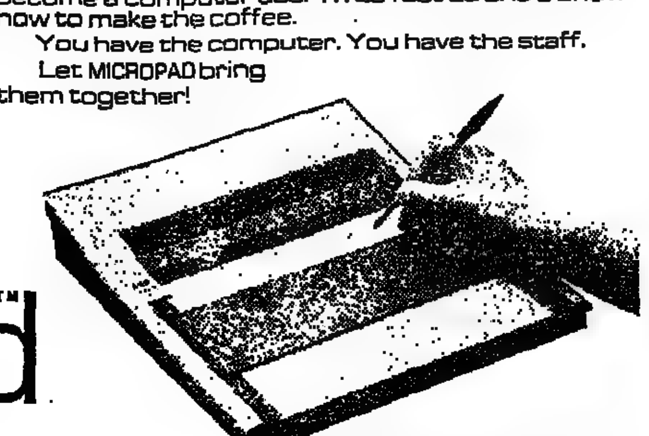
Gold content of the baths, which are stable and easy to use, is between 12 and 16 grans per litre.

The coatings deposited have up to 0.3 per cent by weight of iron, cobalt or nickel with the result that they are bright, hard and abrasion resistant, with a constant, low value of contact resistance.

More from Postfach 2644 D-6000, Frankfurt 1, West Germany.







THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Michael Cassell on what a top UK construction company has learned from a Nigerian nightmare

Tarmac starts to fill in the cracks

REBUILDING a corporate reputation is a major operation *at the best of times*. When the company has stumbled for several years from heavy losses in parts of its business, from litigation, boardroom resignations and reshuffles, it is a particularly daunting task.

A dramatic case in point is Tarmac, the UK-based construction and building materials group. A traumatic three years with its overseas interests may not have affected overall profitability, but it pulled everything else apart at the seams. With a completely reconstituted board, *it has rethought* its entire corporate strategy and has put behind it a sequence of events which have provided a salutary lesson for itself and for some of its competitors.

Tarmac's problems stemmed essentially from its £5m acquisition in early 1976 of the Holland Hannen and Cubitts contracting company, whose roots *date back over 200 years*. The move was designed to complement and extend the Wolverhampton-based group's expanding range of construction and associated activities, in particular by providing it with a strong building presence in the south-east of England. But Tarmac also picked up the overseas operations of Holland Hannen.

With an irony which has since rarely been matched, the then vice-chairman of Tarmac, Bill Francis, described the overseas activities of its new acquisition as a bonus which would immediately offer the group further extensive involvement in *overseas markets*.

The "bonus" very quickly became one of the biggest booby prizes to be handed on as part of a company purchase package. Thanks largely to an arbitrary reduction in payments by the Nigerian Government, the deal left Tarmac to announce in September 1977 that it was having to make provisions of £12m (*subsequently* raised to £16m) to cover the losses in Nigeria.

This revelation set the scene for a downward spiral in group morale.

Less than two years after the acquisition, Tarmac and Drake *and Scull*, the *original* parent of Holland Hannen, became involved in legal action concerning *liability* for the Nigerian losses. The two companies were unable to agree on whether warranties contained in the sale agreement covered the Nigerian situation. Although neither side had cause to compliment itself on the public spectacle, the case was eventually settled out of court when, earlier this year, Tarmac received payment of £2m.

From then on, major changes were to take place; a general feeling was growing within Tarmac that the group was *losing its sense of direction*.

Francis, who was Tarmac's overseas strategist, resigned with a £78,000 handshake in the wake of the row, a victim of the Board's belief—shared by Robin Martin, the then managing director, chief executive and chairman—that the group has gone too far and too fast in overseas contracting.

Francis's departure was followed by other directors, including Gerard Paris, the finance director.

The next crisis arose when Martin decided to appoint Neil Ashley from Amey Roadstone, the construction materials group, to the Tarmac Board. When they heard about it, the other directors vetoed his appointment. As Ashley announced that he was not, after all, joining Tarmac, Martin decided to leave the company for good. He relinquished *his* position of managing director and chief executive in early April this year, at the end of that month announcing his departure from the group; Edwin Wright, the deputy chairman, took over the chairman's role on an "interim basis."

Eric Pountain: "Goodwill dictates that you don't turn your back on a problem . . . we should have walked away" — Freddie Mansfield

Recruits from the ranks

Martin had been chief executive of Tarmac for 16 years, and though the customary closing *of ranks surrounded his departure*, his exit was generally considered by Board colleagues and others involved to be timely and appropriate.

The new group managing director is Eric Pountain, a 46-year-old Black Country mining village man who had come to Tarmac in 1973 with the acquisition of the John McLean house-building group, of which he was managing director.

Early in 1979, new blood was brought in, notably Graeme Odgers from General Electric *as finance director, and a new* planning director, Tony Summer from Sime Darby. Other main Board members have been recruited from the ranks of existing management.

In a philosophical approach to past events, Pountain regards the group's traumas as part of its "learning curve," though he clearly believes Tarmac could have chosen for itself a less painful course of education.

"We jumped on an overseas bandwagon at a time when most of our competitors were winning foreign work to compensate for the scarcity of contracts at home and were, apparently, making good profits.

"The trouble was that we got our timing wrong and hit the tail end of the boom. Apart from that, it was a mistake to build up a heavily asset-based operation overseas, so that we found *ourselves* with severe problems when it came to pulling back."

In an *attempt to explain* previous heavy capital commitments abroad, Pountain continued: "It is true that, at the time, it was often essential for *us to invest* in our own overseas plant and quarries because there were none already there. *But I believe international contractors* have to act a bit like gypsies and be ready to pack up camp and move on without too much trouble."

Tarmac's brief and costly expansion overseas had serious repercussions at home. "We made some heavy investments internationally and in doing so starved the mainstream UK business of capital. Over the past few months we have repatriated *assets or cash which* will be going into our domestic development programme."

The company recently ended the Nigerian episode by *virtually giving away its remaining* operations there to the authorities. But it still believes a continuing international presence is essential, though its overseas activities will in future be confined to a smaller role.

There were, at one stage, plans *to see* at least 25 per cent of the group's total turnover (now around £800m) coming from abroad, but under Pountain the "correct proportion" has been set at *about* 10 per cent, a figure which he says is unlikely to change materially in future. In 1978, total overseas activities accounted for a little over 20 per cent of group turnover.

The new guideline suggests that, of construction turnover alone, about one quarter will involve overseas operations.

In a few final words on Nigeria, and with a frankness which already characterises his time as chief executive, Pountain adds: "Half the problem was trying not to damage our international reputation. *Goodwill dictates that you don't* turn your back on a problem like that, and we piled more resources in when we should, for many reasons, have walked away."

Tarmac now intends to be extremely selective about the type and location of work it takes on overseas. It has disposed of the bulk of some troublesome West German quarrying activities, leaving it with an annual turnover there of around £15m.

Central to its foreign activities will be the Saudi Arabian market, one which UK contractors have not generally penetrated with much success; it is regarded *as* one of the most difficult contracting nuts *to crack*.

But Tarmac is undeterred by the disasters which have hit some contractors in Saudi. Pinning much on what it says is an excellent trading relationship with the country, it is currently engaged on about £150-£200m *worth of work there, including* a dry dock, commercial complex and a new air terminal for Riyadh.

About half the group's international contracting business is expected to come from Saudi, though Pountain admits that *it is anticipating* "*useful*" rather than "fantastic" profits from there.

With a reputation for being a good joint venture partner, Tarmac is also on the look-out for the type of specialist contracting jobs which suit its *particular skills and which it can* pursue in a consortium if necessary.

At present, it is working in a five-nation consortium on a massive irrigation project in the Andes mountains of Peru, while in Egypt its *tunnelling* expertise is being put to the test in the shape of a tunnel being driven under the Suez Canal.

But with the bulk of the group's *turnover*—and continuing profit—expected from its UK operations, development strategy is based firmly on its domestic strengths, involving its quarry *poducts* and other divisional operations—which include general construction, building products and housing. Property and industrial divisions complete *its* "*seven pillars.*"

Summarising the approach, Pountain says: "We are swinging investment back to the UK, and going all-out to raise *our share* of a number of domestic markets from which we cannot realistically expect much in terms of overall *growth* in the medium term."

In quarrying, the domestic emphasis will be on boosting its 8 per cent share of the dry-*stone* market and in the south-east increasing its blacktop (asphalt) business which, nationally, *accounts for* 30 per cent of all sales.

Flagging turnover

Its housing division has continued to expand, with its 14 separate companies this year building around 4,200 units against 3,800 in 1978. It is planning to build 8,000 a year *by the mid-1980s*. Tarmac reckons to have pushed up its share of the market by around 10 per cent over the last year or so, with profits moving considerably faster than that.

The group's recent venture into local authority housing, designed to keep up flagging turnover in its construction division, has been a failure and *losses* are in the pipeline.

"We took on the work to maintain turnover at a period in our history when we sought to raise turnover for turnover's sake. That is no longer the case," says Pountain.

Turnover this year is expected to show little increase over 1978, though profits are heading for a record and Pountain does not quarrel with City predictions of £32m against £26.5m pre-tax last time. "We are no longer interested in acquisition as a matter of policy," he emphasises. All our efforts are being concentrated on getting right the business we know, getting profits right and raising the quality of those profits. We are no longer looking behind us, but fixing our sights on what lies ahead."

Added value: 'name of the game'

BRITAIN AND West Germany each have a 22 per cent share of the world's exports of metal-forming machinery. The Germans charge $4,800 per unit, but *the British only* $1,600. Why?

Citing this example at a conference in London on Added Value, Sir Monty Finniston answered his rhetorical question with the simple observation that "the Germans build much more added value into their product and get the rewards."

So much for the widespread argument, reflected in successive opinion surveys by the Confederation of British Industry, that a strong pound is *automatically* a hindrance to the UK's export performance.

Reflecting a growing view in government over the past few years—if not in industry itself—Sir Monty said the main consideration in the minds of buyers, both at home and abroad, was not price. Instead, it was a combination of quality, performance, reliability, durability, design innovation, ease of maintenance, delivery on time and provision of spares.

Price levels were down the list, said Sir Monty, as could be judged from Britain's own imports of manufactured goods—a reference to the long-established readiness of UK purchasers (in industry as well as the home) to buy relatively expensive imported products, and to the self-defeating practice of exporting cheap while importing dear.

This was only one of the reasons why British industrialists should pay more attention to the whole question of added value, Sir Monty suggested to the conference, which was co-sponsored by Management and Business Studies and the Institute of Directors.

"Adding value and using *added value techniques* as measuring rods is really the name of the game," he went on. Thinking in such terms, "industrialists can quickly determine whether they are using too much or too little capital or labour, and whether *they are making the best use* of these resources," he went on.

Other speakers advocated added value measurements and techniques as a valuable tool for communicating with employees and increasing the motivation of the workforce.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Loan to a director

I am a director of a small company and wish to lend from the company's *funds* some money to another director as a bridging loan to move house. This is not connected with the business. Are there any restrictions on such a loan?

Section 190 of the Companies Act 1948 makes it unlawful for a company to lend *money to its* directors. As the three exceptions specified in the section do not apply in the present instance, you should not make the proposed loan.

Liquidator's liability

I have always understood that a liquidator was personally liable for all goods and services authorised by him. But "Hooper's Voluntary Liquidation" Fifth Edition, chapter 25, paragraph six says: "In Stead Hazel & Company v Cooper (1933) 1 K.B. 840 the liquidator carried on the business of the company and asked suppliers who had agreed to deliver goods to the company before the liquidation to do so notwithstanding the liquidation. The liquidator wrote a letter to suppliers in which it was stated '*payment for such cotton and charges to* be made after actual delivery to me on my orders. Yours *faithfully, A. B. Liquidator.*' An action was brought against the liquidator for the price of goods thereafter delivered. The action failed. The court held that the description Liquidator implied no liability on the defendant personally: the liquidator was known to be acting for the com*pany, and he had not contracted* on his own behalf, nor had the plaintiffs given him credit on his own behalf."

Does this mean that if goods *are supplied on credit to a* liquidator, against an order authorised by him, we still have to look to the company in liquidation for payment? And if we do not receive payment does this debt have any priority over debts incurred prior to the date of liquidation?

Certainly where the contract is *one which was in existence at* the commencement of the winding-up (even if it is a contract which is in fact a series of separate contracts when each order is accepted), the position of a liquidator is different from that of a receiver and manager and, in the *absence of a disclaimer*, he is not personally liable. It would be open to argument that the position is different where the liquidator enters into an entirely new contract which is not connected with previous transactions of the company. There *would* be no priority for a creditor whose debt was incurred after liquidation.

Legal costs of renewal

***I want to renew the lease of my* business premises and I have been given conflicting advice as *to whether the Landlord* and Tenant Act 1954 obliges the tenant to pay the landlord's *legal costs*. Could you please explain the position?**

The Costs of Leases Act 1958 provides that where there is no agreement to the contrary the costs of granting a lease are borne by each party paying his own costs. However, if you have an option to renew, and are not relying solely on the protection of part II of the Landlord and Tenant Act 1954, you would have to comply with the express terms of the option, including the paying of the landlord's costs if it is stipulated that the tenant shall pay the landlord's costs of the new lease. You can *forgo* the option and rely on the statutory protection, thereby avoiding the payment of the landlord's costs, but the rent payable under the new lease may well be higher in that event.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

هكذا من الأصل

هكذا من الأصل

How long will it be before petrol prices go up yet again? (Not to mention other motoring costs such as insurance.)

Nobody knows–but of one thing you can be sure. Cars that are economical to run are fast becoming the only cars that most people can afford.

The Princess is every inch a luxury car.

£1·50?

example–with manual gearbox–achieves over 27 mpg.

That means it's one of the most economical 2 litre cars in town. And the figures for the 1700cc models are even better.*

This remarkable fuel economy is a product of the Princess's distinctive, wind-cheating shape. Proof that what looks good, is also more efficient.

Not that the Princesses are only frugal with fuel. Inexpensive spare parts mean low insurance premiums. And if your company buys you a Princess 1700HLS you'll find that it falls conveniently below the critical 1800cc tax threshold, incurring no more tax liability than does a 1600cc car.

Each of the 6 models in the range has an overhead cam engine, our unique Hydragas® suspension, and more interior room than any other car in its class.

Yet a Princess is surprisingly inexpensive to run.

In urban driving, the luxurious new Princess 2000HLS for

Most surprising of all, the Princess range starts at £4,232.†

Which leaves us with a question. Is a Princess an economical car offering unusual luxury–or a luxury car that's unusually economical?

Austin Morris
With Supercover

THE PROPERTY MARKET BY MICHAEL CASSELL

Sainsbury not going to Dodge City

SAINSBURY'S DECISION to enter the UK do-it-yourself retail market with a foreign partner has upset Dodge City the fast growing, privately owned DIY superstore chain.

Dodge had been expected to link with Sainsbury in a joint venture to develop a new £3m shopping complex, including a 40,000 sq. ft. Dodge DIY superstore and garden centre, on a ten-acre site in North Leeds.

But Sainsbury has now written to Dodge chairman Richard Northcott to say that his company will not be asked to take part in the project after all. This follows Sainsbury's link-up with Belgium group GB-Inno-BM to form a new joint company to attack the £1.5bn British DIY market.

Sainsbury yesterday accepted that Dodge's name had been included in the original planning application to develop the Leeds site but said that there had been no legal or formal agreement between the two companies.

"We accept that it had been understood that Dodge would be involved but the situation fundamentally changed with our agreement with the Belgians. We naturally regret what has happend but clearly once we decided to enter this market with our Belgian partners we could not go ahead with Dodge," said a spokesman.

Last March, Sainsbury won the tender to develop the site—owned by the City Council—against fierce opposition from Tesco.

Mr. Northcott said: "We have put 15 months work into this scheme drawing up plans and providing the back up for the Sainsbury tender, which I believe they would not have won without us."

Meanwhile Dodge—which generates around 95 per cent of turnover of the parent company F. R. Northcott—is continuing its rapid expansion programme with the opening next week of a new 50,000 sq ft home improvement store plus 10,000 sq ft of outdoor garden centre in Stretchford Land, Birmingham.

Next year Dodge is to open a further 14 superstores and garden centres which will increase its number of outlets to 34. It will then be six years since it opened its first superstore in Glasgow.

The company and its agents Weatherall Hollis and Gale operate strict criteria when it comes to looking for available sites.

"These must have space for at least 20,000 sq ft of DIY superstore plus a minimum of 10,000 sq ft for an outdoor garden centre and parking area for at least 100 vehicles, says Mr. Northcott. Additionally a store must be within ten minutes drive of a population catchment area of 100,000 people.

Andrew Taylor

Arrowcroft in £20m development

ARROWCROFT is to develop Stafford's £20m central redevelopment scheme in partnership with Standard Life Assurance.

The fully-pedestrianised project will provide 150,000 sq ft of shopping space, a new market and a 400-space car park. It will be carried out on a four-acre site in the conservation area close to the market square.

Construction of the Stafford scheme is expected to start in about a year's time, with completion due in 1982.

Arrowcroft now claims to be one of the most active developers in terms of current central area redevelopment schemes and industrial partnership schemes with local authorities.

The Stafford project is the second scheme to have been awarded to the group by a local authority in the past month. In October, the London borough of Hammersmith awarded Arrowcroft a £16m industrial development scheme at the White City, which will entail 300,000 sq ft of factory and warehouse space as well as a 30,000 sq ft office block.

Elsewhere in the UK, the group has joined Cruden Developments in a 140,000 sq ft retailing scheme at Chester, while in London it has been joined by Royal Insurance in developing the Bankside industrial centre near Blackfriars Bridge, which will offer around 42,000 sq ft in individual units.

London—'No more offices needed'

GREYCOAT ESTATES would be better off building offices in Bexleyheath or Barking than on the south bank of the Thames because there could soon be little need for new office space in central London, according to town planner Peter Brown.

Mr. Brown, who has just given evidence at the Coin Street inquiry in support of the action group opposing the mixed office-housing-leisure complex, plainly believes that any developer contemplating a scheme of Greycoat proportions on the south of the river has not done his homework about future demand for office space in London.

Mr. Brown also claimed that Greycoat wished to create the "bustle and brash excitement" associated with West End night-life and said that it could not simply be transplanted onto the Coin Street site.

Greycoat would clearly disagree on both points but what Mr. Brown had to say about the future for offices in the capital will give developers, investors and estate agents something more to think about on a now familiar theme.

He spelled out a picture of growing decentralisation from London, with declining numbers of people seeking work in the centre and demand for office space also dwindling. Mr. Brown highlighted and endorsed earlier evidence to the inquiry which suggested that micro-chip technology could itself create a 30 per cent cut in office employment in the next decade or so.

In recalling that the decline in central London office employment in the five years up until 1976 was over twice the rate in the previous five years, Mr. Brown claimed that public service jobs—which have accounted for a large proportion of London job opportunities—are now about to decline. In addition, employment in the so-called "growth services," such as banking, insurance and business services had already started to fall.

His gloomy scenario may not square with the present situation in the City and West End, where good space is more hard to find than at any time in the past five years and he claimed current high rents only showed that offices were financially viable, not that they proved the nede for more or that such developments were "socially or economically necessary."

Mr. Brown, of town planning specialists Stephen George and Partners, in any case calculated that well over 22m sq ft of office space in central London is accounted for by outstanding planning permissions or land zoned for office development. On top of that figure, he added, new but empty office space had to be added.

So, he claimed, even if a case could be made for further extensive additions to office space in the capital, it would not require the opening up of new development sites.

Developers like Greycoat should, he said, cast a closer eye on those fringe areas marked in the Greater London Development Plan as preferred locations for offices. It remains to be seen whether Bexleyheath, Brixton and Barking can match whatever allure the South Bank can muster.

IN BRIEF

○ Peranka Investments has paid "well over" £300,000 for 20-23 Widegate St., City—featured in this column in August after being sold earlier in the year for around £150,000 and put back on the market at an asking price of £342,000. Healey and Baker acted for Peranka and Baker Harris Saunders represented the vendors.

○ Fleming Property Unit Trust have purchased the freehold interest in a 3,000 sq ft reversionary office building at 3, Deanery St., W1 for more than £510,000. They were advised by Lambert Smith and Elliot Son and Boyton represented vendors Providence Capitol Life Assurance.

● Brooke Bond Liebig Pension Fund has purchased a recently completed industrial scheme on the Molly Millars Lane estate in Wokingham. It paid about £1.25m for the investment, which has a current income of £93,400 a year, and was advised by Jones Lang Wootton.

Tesco campaigns for building allowances

TESCO is busy gathering support for a campaign to get industrial building allowances extended to all new retail premises.

The group's finance director, Mr. Ralph Temple, is lobbying hard to secure changes in what he describes as the discriminatory nature of the allowance system and which, he claims, both major parties have acknowledged.

Current allowances now effectively provide manufacturing investors with full depreciation on capital expenditure and are available on all industrial buildings.

Mr. Temple says: "Although there is general recognition that the discrimination between industrial and commercial property is unfair, nothing is done.

The Tesco case is that the retailing sector has come a very long way since industrial building allowances were first conceived and that now it is increasingly dependent upon the development of large, cost effective units housing a range of advanced storage and processing facilities.

Mr. Temple claims: "The only similarity between modern retailing outlets of this scale and their pre-war predecessors is that both are still called shops. Otherwise, they bear virtually no resemblance to each other."

He adds: "The ridiculous thing is that if I manufactured lolly-pop sticks I would qualify for capital allowances, yet as someone who wishes to invest in a sector of the economy which has become increasingly important in recent years I am denied any such consideration."

The availability or otherwise of building allowances clearly has major implications for an operator of Tesco's size. The group has about 530 branches in the UK and in its current financial year expects to spend over £100m on its branch network, the bulk of that sum involving new construction.

In the six years ending last February, Tesco spent just over £32m on store expansion and, with the IBA, could have expected to offset about half that figure in allowances.

But while any move to extend allowances into the retailing sector would clearly not do any harm to Tesco's own finances, Mr. Temple says he has much wider interests at heart.

"We are asking the Government to amend the Capital Allowance Act 1968 not simply to safeguard the essential provision of neighbourhood shopping, but also to guarantee continuing investment in units that have a proven value in containing price inflation by the application of the economies of scale to retailing.

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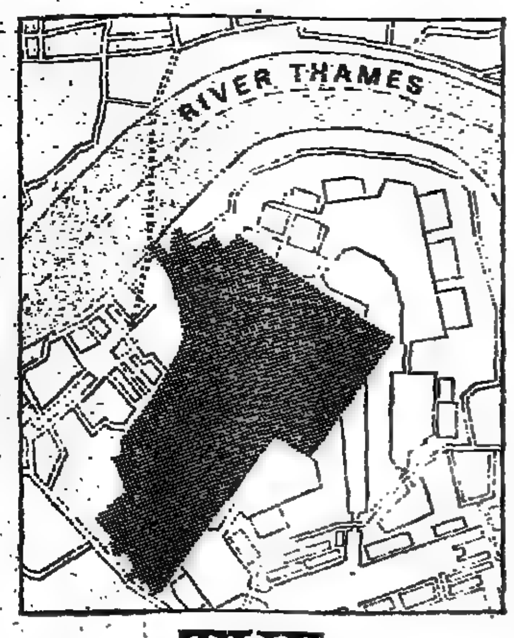

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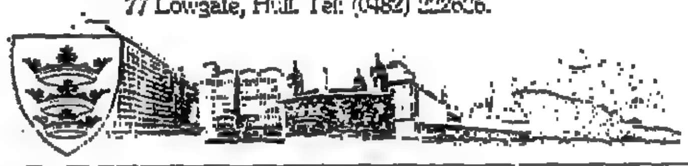

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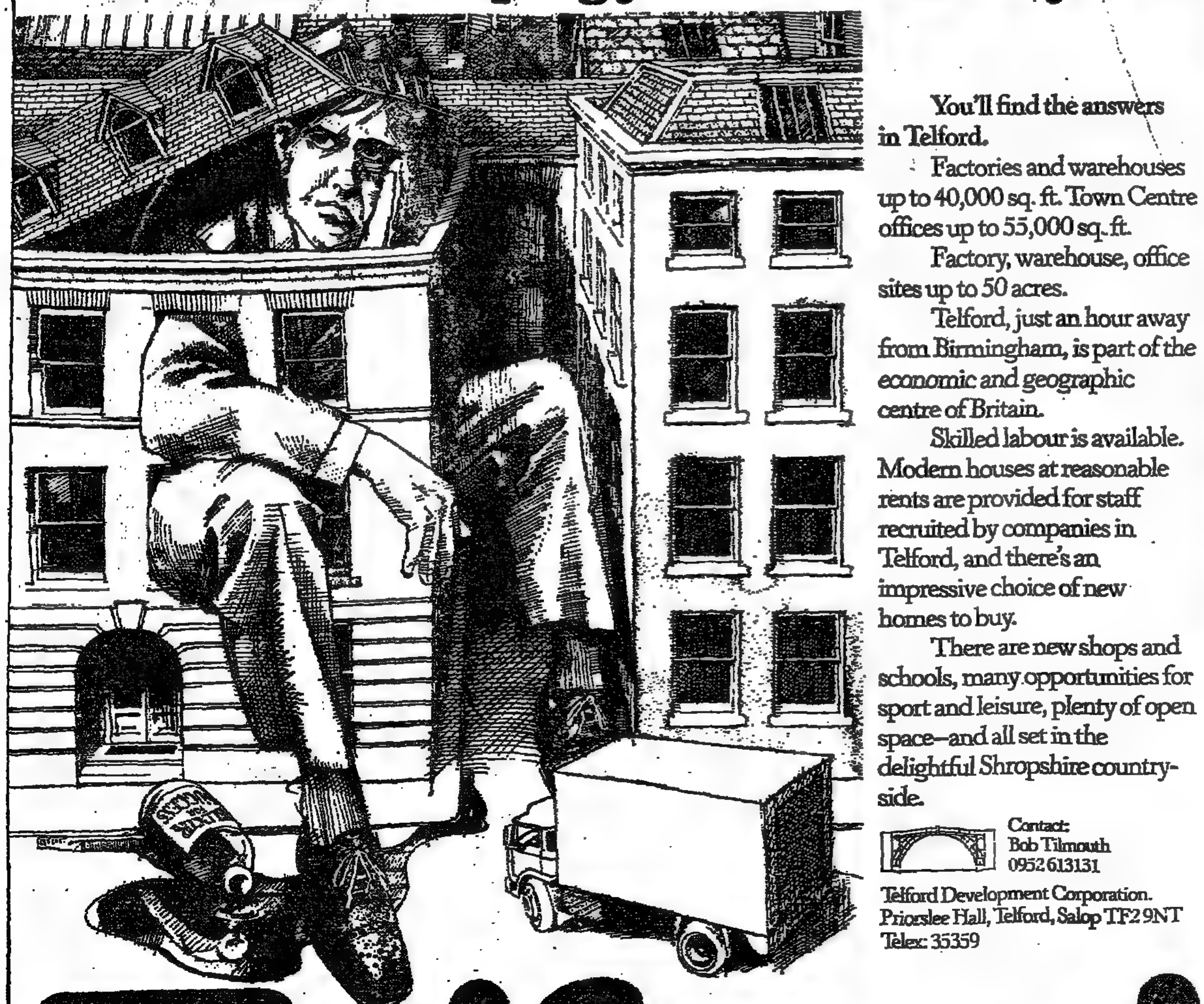

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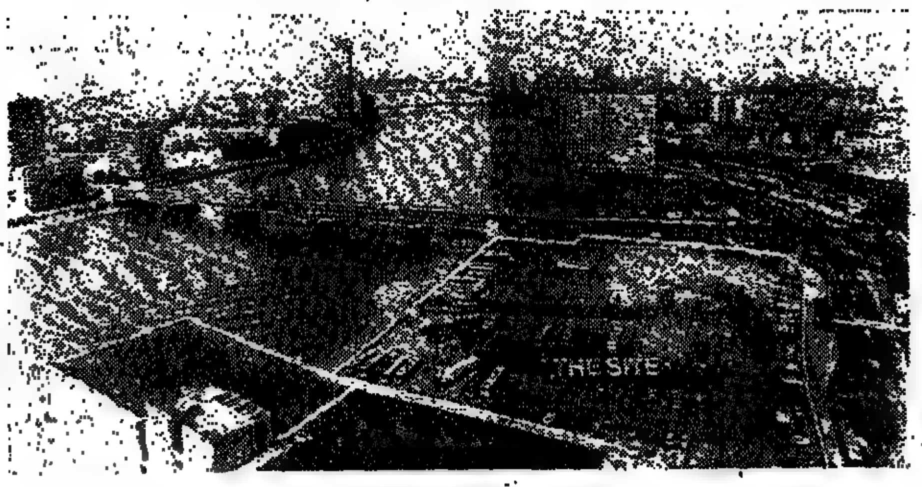

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UK NEWS—PARLIAMENT and POLITICS

Thatcher demands report on BBC's filming of IRA

BY ARTHUR SANDLES

THE PRIME MINISTER has asked for a report on a BBC Panorama crew's filming of IRA activities in Northern Ireland. During a question period full of bitter criticism of the BBC from both sides of the Commons, **Mrs. Margaret Thatcher** disclosed some sympathy to suggestions that the affair be referred to the Director of Public Prosecutions.

The crew recently filmed IRA gunmen sealing off Carrickmore, Co. Tyrone. There are suggestions that the village was sealed off for two hours for the filming.

Last night the BBC denied the filming of "10 or so gunmen" had been stage-managed. "The BBC team went to Carrickmore in a normal journalistic response to an anonymous telephone call not knowing what they would find."

It also denied that machine guns or rocket launchers were presented or that men drilled in the square. There was no question of money changing hands. The whole incident, according to BBC sources, lasted about 15 minutes including about 11 minutes of filming. The village was sealed off for this time.

So sensitive an issue is IRA coverage that there are standing orders for all BBC staff to refer upwards, usually to director-general level, any plans involving terrorists. It seems that this was not done.

Last night the BBC said its governors had been informed "of what would appear to be a clear breach of standing instructions." There was to be an inquiry. Meanwhile, "there is no question of the projected programme being transmitted."

Politically, the incident could not have come at a worse time for the BBC. It is campaigning to stop a cut-back in external services and is deep in negotiations with Mr. William Whitelaw, Home Secretary and former Northern Ireland Secretary, over the size of the next television licence fee increase.

The Government is still angry at the way in which the BBC handled the interview with the Irish National Liberation Army after the killing of Mr. Airey Neave. To say that this latest incident will sour the BBC's relationship with Mrs. Thatcher in particular would be to understate the position significantly.

Both Mrs. Thatcher and **Mr. James Callaghan**, the Opposition Leader, angrily condemned in the Commons yesterday the activities of the Panorama team. Mrs. Thatcher said the Government had protested to the BBC immediately after newspaper reports of the incident had appeared. (The Financial Times was the only British morning newspaper to report the affair yesterday.)

Amid cheers Mrs. Thatcher said: "This is not the first time we have had occasion to raise similar matters with the BBC. The Home Secretary and I think it is time that the BBC puts its own house in order."

To further cheers, Mr. Callaghan said that the BBC should be made aware of MPs' *feelings* that it was the duty of the media "not to stage-manage news but to report it."

Mr. James Molyneaux, leader *of Ulster's Official Unionist* Party, demanded that the *names of the BBC staff involved* in "this treasonable activity" *should* be sent to the Director of Public Prosecutions.

Mrs. Thatcher replied: "I think this would be a matter both for the police and the DPP."

Howe fights off MLR rise queries

BY IVOR OWEN

PREDICTIONS BY Labour MPs that the Minimum Lending Rate will be increased next week met a stonewalling response from Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday.

He again maintained that there was much more optimism about the future of the economy than when Labour was in office and emphasised that the Confederation of British industry, in spite of its gloomy forecasts about immediate prospects, still believed in the "total rightness" of Government policies.

Mr. Denis Healey, the former Labour Chancellor, roundly condemned Sir Geoffrey's handling of the Economy. He asserted that with the increase in the Retail price Index caused by the Budget, the inevitable rise in mortgage interest rates in January and the expectation of higher rents, rates and fuel charges, an inflation rate of more than 20 per cent was now guaranteed in the New Year.

Mr. Denzil Davies, another Labour spokesman on Treasury affairs, argued that if MLR went up next week — "as it is likely to" — the abandonment of exchange controls would have been a contributory factor.

'Speculate'

Sir Geoffrey retorted: "You should not speculate on interest rate movements of that kind."

He added that many other factors, including the sharp upward movement of interest rates in the U.S., had greater significance than the ending of exchange controls.

Calling for a change of Government policy, **Mr. Giles Radice** *(Lab., Chester-le-Street)* pointed to the 6 per cent rise in *inflation* since the General Election, the Treasury forecast *of an additional* 300,000 unemployed by the end of the next financial year, and the indications from the CBI of an economic recession.

Firmly ruling out any "U" turn, Sir Geoffrey urged Labour MPs to bear in mind that the CBI had made clear that it sought no change in policy.

The CBI recognised that the policies to which the Government was committed were those needed to check Britain's economic decline.

Alternative

The Chancellor asserted that the most remarkable thing about the clamour from Labour MPs *for* a change of policy was that they had no constructive *alternative to offer.*

Mr. Healey emphasised that the most recent survey published by the CBI showed not only a collapse in investment but a collapse in confidence.

"*The CBI is not putting its* money where its mouth is," he *scoffed, amid Labour cheers.* If the Chancellor wanted further *evidence of the effect of his* policies, he had only to look at the Stock Exchange, which had also given him "the thumbs down."

Mr. Robert McCrindle (C, Brentwood and Ongar) asked if, the CBI having indicated its satisfaction with Government policies, the Chancellor was fully satisfied with the response from industry in terms of investment following his "incentive" Budget.

Sir Geoffrey replied that it would not be appropriate for him to begin criticising or passing judgment on the scale of the response by industry.

Decisions on investment and *decisions about future business* and movement in the economy *took place over a long period.* However, he was satisfied that *there was "a great deal more* optimism" about the future of the economy than when Labour had been in office.

While reaffirming the Government's determination to secure a progressive reduction in the rate of growth on the money supply, the Chancellor admitted that the latest figures suggested that it "might take longer" than originally hoped to remedy the situation *inherited from* the Labour Government.

Commenting on a claim by Mr. **Robert Cant** (Lab., Stoke-on-Trent, Central) that monetary growth was running at 16 or 17 per cent, Sir Geoffrey pointed out that the figures for a single month were erratic.

Mr. **Jock Bruce-Gardyne** (Con, Knutsford) pressed for an assurance that it remained the Government's intention that in the next financial year, the Public Sector Borrowing Requirement (PSBR) should have a lower target than in the current year.

Sir Geoffrey said that the PSBR for next year would be announced at the appropriate time. It would be consistent with the Government's policy of securing a reduction in the rate of growth in the money supply.

Mr. Healey contended that the PSBR was bound to be *higher next year unless there* was a substantial increase in *taxation in the next Budget.*

The Chancellor answered that if that was Mr. Healey's belief, he should support the Govern*ment in seeking to reduce pub*lic spending next year.

The Chancellor again highlighted the need for realism in *wage settlements when asked* when he expected the annual level of inflation to return to single figures.

He stated: "There is no doubt that our fiscal and monetary policies offer the only lasting solution to the rapidly rising inflation which we inherited from the last Government.

"However, the speed with *which our policies bring down* the rate of inflation will depend, *among other things, on whether* wage bargainers seek to settle *at unrealistically high levels in* spite of those policies."

Roger Taylor

Sculptress Karen Newman adds a finishing touch to her wax *portrait of Sir Harold Wilson. It will be the fourth successive* version of the former Prime Minister to be displayed at *Madame* Tussaud's in London.

Rhodesia pact with Opposition

THE GOVERNMENT sailed safely out of stormy waters on its Rhodesia enabling Bill in the Commons last night after a behind-the-scenes deal with the Opposition.

Threats of an all-night sitting, punctuated with votes forced by angry Labour MPs, *evaporated after two and a half* hours of intense negotiations *between the business managers* of the two parties.

It was agreed that last night only the Second Reading of the Bill should be debated. Its remaining stages will be dealt with next Monday before being hustled through the Lords, ready for the Royal Assent on Wednesday.

The measure paves the way for Rhodesia to return to legality after 14 years, allowing the Government to *implement* any settlement achieved *at the* Lancaster House talks.

The breakthrough came earlier, *when Mr. James* Callaghan, Leader of the Oppo*sition, offered* Mrs. Thatcher a guarantee of support for the *Bill provided* that the Government did not insist on forcing it through all its Commons stages last night.

MPs watched as Mr. William Whitelaw, Home Secretary, and **Mr. Merlyn Rees**, his Opposition counterpart, signalled to each other and left the Chamber to work out an agreement through the "usual channels."

It was more than two hours, during which MPs wrangled *over the Bill*, before Mr. Norman St John-Stevas, Leader of the House, returned to announce that a deal had been worked out.

Ministers were known to be anxious to avoid a bitter debate in the House, fearing that that might jeopardise the Lancaster House conference.

They believe that a settlement of the conflict may be nearer than at any time since the Unilateral Declaration of Independence.

Now with undertakings from the Opposition in the Commons and the Lords, Ministers plan that the Bill should receive the Royal Assent next Wednesday, always the target date for the completion of the Bill.

Mr. Rees agreed that the Government's decision was "honourable and reasonable." He *promised: "There will be no* fractious opposition."

Indicating, *however,* that Labour still did *not* like the *measure, Mr. Rees added:* "We will oppose the Bill but we will stick to the agreement, because that is the way this House conducts its business."

Although the Opposition intended to discuss all the amendments it would ensure discussions ended at a "reasonable hour," late on Monday night or early Tuesday morning.

Moving the Second Reading of the Southern Rhodesia Bill, *Sir Ian Gilmour. Lord* Privy Seal, told MPs that the Govern*ment was "taking an important* step which will set Rhodesia on the path to legal independence."

Meriden given more time to repay cash

THE GOVERNMENT has granted the Meriden motorcycle co-operative a temporary reprieve over the repayment of £1.25m *in overdue interest.* **Mr. David Mitchell**, Industry Under-Secretary, said in a Commons answer last night.

Asked by Mr. Jock Bruce-Gardyne (C, Knutsford) what *steps* the Government was taking to recover the interest, Mr. Mitchell said: "None for the present."

Mr. Geoffrey Robinson, managing director of the co-operative an dLabour MP for Coventry North-West, is trying to find a partner to ensure a long-term future for the enterprise.

Those efforts are being supported by creditors of the co-operative, who have been meeting regularly to review the position. The statement by the Department of Industry is clearly aimed at removing the immediate uncertainty.

The co-operative was scheduled to pay the accumulated interest to the Government on June 30.

Kampuchea call

THE Government is to make a statement "in the near future" on Britain's recognition of the Pol Pot regime in Kampuchea. Mr. Norman St. John-Stevas, Leader of the Commons, announced yesterday. **Mr. Bruce Douglas-Mann** (Lab., Merton, Mitcham and Morden) called for a debate on "the *implications* of continued recognition of the *obnoxious Pol Pot* regime." Mr. St. John-Stevas *replied that he sympathised with* the request. What was taking *place in Kampuchea* was "an affront to the conscience of mankind."

Daimler switch

MRS. THATCHER, *the Prime* Minister explained last night *why she has* swapped official cars. Her decision to be driven by Daimler caused a storm soon after she took office. In a Commons written reply she said: "I shall be replacing two Rovers because they have been in constant use since 1972 and have covered very large mileages. I shall be replacing them with Daimlers because they are the best cars for the job, and because they are British made."

Home funding

THE Department of the Environment is to set up a group of experts to study the *availability of finance for home* ownership, Mr. Michael Heseltine, Environment Secretary, said yesterday.

Poppy crime

MUGGINGS of Remembrance Day poppy sellers was condemned in the Commons by Mrs. Thatcher yesterday as "about the most reprehensible and disgraceful action that anyone can possibly imagine." Replying to a call from Mr. Graham Page (C., Crosby) for a speeding-up of law and order *measures after the muggings.* Mrs. Thatcher said: "We will do all we can to *protect poppy* sellers."

Select Committee membership published after delay

BY RICHARD EVANS, LOBBY EDITOR

MEMBERSHIP of the Select Committees that will "shadow" the work of Government departments was published yesterday on the Commons Order Paper.

The setting up of the committees, delayed because of arguments about selection procedure in the Parliamentary Labour Party, is *regarded as the most significant* procedural move in the present batch of reforms.

The Commons is expected to approve membership next week. It will then be up to the committees to meet to appoint chairmen and decide subjects for investigation.

The Government has agreed that the chair of three of the committees, including employment and social services, should be taken by a Labour member. The membership is:

AGRICULTURE

Mr. Richard Body, Sir William Elliott, Mr. Alastair Goodlad, Mr. Douglas Hogg, Mr. Mark Hughes, Miss Joan Maynard, Mr. John Spence, Mr. Roger Stott and Mr. Tom Torney.

DEFENCE

Sir Frederic Bennett, Mr. John Cartwright, Mr. Bernard Conlan, Mr. Bruce George, Dr. John Gilbert, Sir Timothy Kitson, Sir John Langford-Holt, Mr. Allen McKay, Mr. Michael Mates, Mr. Cranley Onslow, and Mr. Patrick Wall.

EDUCATION, SCIENCE AND ARTS

Mr. Timothy Brinton, Mr. Patrick Cormack, Mr. Harry Greenway, Mr. David Madel, Mr. John McWilliam, Mr. John Osborn, Mr. Christopher Price, Mr. Dafydd Thomas, and Mr. Stan Thorne.

EMPLOYMENT

Mr. Jonathan Aitken, Mr. Andrew Bowden, Mr. Jim Craigen, Mr. John Golding, Mr. John Gorst, Mr. Raymond Powell, Mr. Giles Radice, Mr. John Townend, and Mr. Keith Wickenden.

ENERGY

Mr. Michael Ancram, Mr. David Couch, Mr. Ednyfed Hudson Davies, Mr. Michael Latham, Mr. Ted Leadbitter, Mr. Mark Lennox-Boyd, Mr. Ian Lloyd, Mr. Arthur Palmer, Mr. Peter Rost, Mr. David Stoddart, and Mr. Edwin Wainwright.

ENVIRONMENT

Mr. Donald Anderson, Mr. David Atkinson, Mr. Frank Dobson, Mr. Bruce Douglas-Mann, Mr. Jim Marshall, Dr. Brian Mawhinney, Mr. Norman Miscompbell, Mr. Nicholas Scott, Mr. Robin Squire, Mr. *Malcolm* Thornton, and Mr. David Winnick.

FOREIGN AFFAIRS

Miss Betty Boothroyd, Mr. Christopher Brocklebank-Fowler, Mr. Eric Deakins, Mr. Anthony Grant, Mr. Eldon Griffiths, Mr. Frank Hooley, Mr. Anthony Kershaw, Mr. Kevin McNamara, Mr. Peter Mills, Sir Anthony Royle, and Mr. Nigel Spearing.

HOME AFFAIRS

Mr. Arthur Davidson, Mr. George Gardiner, Mr. John Hunt, Mr. Robert Kilroy-Silk, Mrs. Jill Knight, Mr. Alexander Lyon, Mr. R. Graham Page, Miss Jo Richardson, Mr. William Waldegrave, Mr. John Wheeler, and Mr. Philip Whitehead.

INDUSTRY AND TRADE

Mr. Kenneth Carlisle, Mr. Eric Cockeram, Mr. Stan Crowther, Mr. Peter Emery, Mr. Derek Foster, Sir Donald Kabery, Mr. Russel Kerr, Mr. Thomas McNally, Mr. Robin Maxwell-Hyslop, Mr. Ian Mikardo, and Mr. Donald Thompson.

SOCIAL SERVICES

Mr. David Ennels, Mrs. Sheila Faith, Mr. Frank Field, Mr. Ralph Howell, Mr. W. R. Rees-Davies, Sir Brandon Rhys Williams, Mrs. René Short, Mr. William Whitlock, and Mr. Nicholas Winterton.

TRANSPORT

Mr. Sydney Bidwell, Mr. Tom Bradley, Mr. Neil Carmichael, Mr. Robin F. Cook, Mr. Harry Cowan, Mr. Stephen Dorrell, Mr. Denshore Dover, Mr. Peter Fry, Mr. George Porter, Mr. David Price, and Mr. Gary Waller.

TREASURY AND CIVIL SERVICE

Mr. Kenneth Baker, Mr. Anthony Beaumont-Dark, Dr. Jeremy Bray, Mr. Edward du Cann, Mr. Timothy Eggar, Mr. Michael English, Mr. Terence L. Higgins, Mr. Robert Sheldon, Mr. Richard Shepherd, Mr. Richard Wainwright, and Mr. Ken Woolmer.

WELSH AFFAIRS

Mr. Keith Best, Mr. Ioan Evans, Sir Raymond Gower, Mr. Tom Hooson, Mr. Geraint Howells, Mr. Roy Hughes, Sir Anthony Meyer, Mr. Geraint Morgan, Dr. Roger Thomas, Mr. Alan Williams, and Mr. Delwyn Williams.

SCOTTISH AFFAIRS

Mr. Norman Buchan, Mr. Donald Dewar, Mr. Peter Fraser, Mr. Barry Henderson, Mr. Norman Hogg, Mr. John Home Robertson, Mr. Robert Hughes, Mr. Ian Lang, Mr. Albert McQuarrie, Mr. Martin O'Neill, Mr. Alex Pollock, Mr. Iain Sproat and Mr. Allan Stewart.

LOMBARD

What was missing at Birmingham

BY JOHN ELLIOTT

THE CONFEDERATION of British Industry's conference is now an established part of the annual round of national assemblies, ranking with the TUC and the political parties for the attention it receives. Its third conference in Birmingham earlier this week confirmed this success, but at the same time pointed to problems which will have to be tackled if the event is not to subside simply into an industrial relations forum staged for maximum propaganda impact on television.

Relations

In Birmingham, the 1,100 representatives of companies and employer and trade associations only really seemed at home with personnel issues, although trade relations with newly industrialised countries (another issue of an adversary nature) produced some steam.

For the rest, there were some worthy speeches to be heard that gladdened the heart of Industrial Society staff sitting in the visitors' gallery. They felt that their life-long crusade for saner, more communicative, and more participative shop floor relations had suddenly borne fruit.

Indeed anyone with an interest in improving industrial performance must have been pleased to hear the way that CBI leaders were prepared to condemn the failings of British managers. For too long management has escaped this sort of public criticism, while the trade unions have been made the scapegoat for problems that have often stemmed from the company boardroom or the middle manager's office rather than from the smoke-filled room of a militant shop stewards' meeting.

Now, challenged by the Government to show what they can do if they are left on their own to stem the UK's industrial decline, leaders of industry are turning on their own managers and demanding improvements in their performance, especially in the way that they relate with their workers.

That at least was what was happening in Birmingham, although it remains to be seen how the speeches are turned into action in individual companies—and how the managers respond.

But all this is not enough, alone, to keep the conference going as a major event. What it needs in particular are some key issues outside the personnel managers' field and it also needs more people to attend who have expertise to speak on important industrial and other issues.

At present one has the impressions that most of the 1,100 are public affairs directors or personnel experts, plus a hefty squad of highly vocal small businessmen and a sprinkling of "big name" industrialists.

One was not conscious during the debates of listening to senior line management from many major companies or to experts (apart from the personnel directors)—and that detracted from the quality of the debates. Companies are of course free to choose whom they send (or to send no one at all). It is not surprising that they choose the personnel and public affairs specialists who will perform best in a forum which devotes itself so much to labour questions and to general propaganda.

But even more important than the issue of who attends is the choice of subjects to be debated and how they are handled. Passing somewhat emotive resolutions on closed shops and legally binding contracts may satisfy the CBI's hawks, but scarcely impresses people who want to know how companies intend to improve their productivity, profitability and investment in the next year or so.

Education

On a wider front, major issues of national importance need to be debated. Education would be an obvious topic since it concerns everyone and has a direct impact on the quality of people that industry can recruit. In Birmingham, this was squashed into an unsatisfactory debate that also covered micro chips and training. An hour or so on education alone would have been more rewarding. It might have helped the conference to start to find its soul in the way that controversies like the H-bomb, Vietnam, Rhodesia and Mr. Anthony Wedgwood Benn have served Britain's other national assemblies.

AROUND BRITAIN

GRIMSBY

Casting the net wider

BY ANTHONY MORETON

THE FIRST thought that comes to mind when Grimsby is mentioned is fish. While that industry still plays an important role in the local economy, things have changed considerably from the years either side of the war when fish dominated everything.

Grimsby now has another claim to fame. It is the largest frozen-food production centre in Europe. It is also one of the world's major centres for the production of titanium pigment—an essential ingredient in paint, plastics and paper. These are heady draughts for the Humberside town so stuck out on a geographical limb that the last Government accorded it development area status despite an unemployment level that is slightly under the national average.

Grimsby has suffered, as have all the other fishing ports, from the lack of a common fisheries policy and the overfishing of all waters. Its distant-water fleet has been reduced severely and the vessels laid up against the fish docks north wall are sufficient testimony to the drop in this trade. But it has not suffered nearly so much as its neighbour, Hull, despite the fact that the freezer-trawlers are now concentrated on the north bank of the Humber.

So the in-shore fleet has concentrated in its three fish docks and this business is reasonably affluent—sufficiently profitable, anyway, to keep just under 200 seiners in the town and produce wages of £15,000 to £20,000 a year for a deck hand on a middling successful boat.

But if fishing is reasonably successful, it is the frozen-foods business that has really helped produce a diversified economy. The story started in 1947 when Carl Ross, whose family had been in business in Grimsby for over half a century as merchants and fleet owners, froze some of the fish landed. Ross Foods, now part of the Imperial Group, currently employs just under 3,000 people in the town and the other two majors are also there in force—Birds Eye with some 2,600 and Findus with just over 4,000. Findus is now the largest employer in the town—after local government.

Fish products are still an important part of the Ross business: every working day 1m fish fingers roll off the production line—and there are two lines in operation. If all the fish fingers produced in Grimsby in a year were laid end to end they would reach a point almost beyond belief. Fish products account for a little over a third of total output, vegetables and meats just under a third each and desserts some 10 per cent.

The other big product line is peas.

If fishfingers, peas and chips are the standard fare, Ross is continually going up market and looking for new lines. Seafood pancakes may be a speciality taste — and price — at the moment but other items are growing strongly, such as food with added sauces.

With some 10,000 employed in frozen foods, the business is, clearly, highly important to Grimsby. But to provide a wider base the town has been searching hard to attract in more manufacturing industry. To some extent it has succeeded; Dunlop, Ceiba-Geigy and BTP Tioxide are large manufacturers and Courtaulds is just across the boundary in Cleethorpes. There are high hopes that another major employer in the paper industry may soon announce a move to the town, bringing with it 600 jobs.

The big drawback which the local authority suffers from is an acute shortage of land. It has available just 50 acres of development space for industry and the new entrant would take half that.

The land problem is a direct consequence of local government reform in 1974, when Grimsby's rural area was added to Cleethorpes, the seaside-cum-residential area of Grimsby.

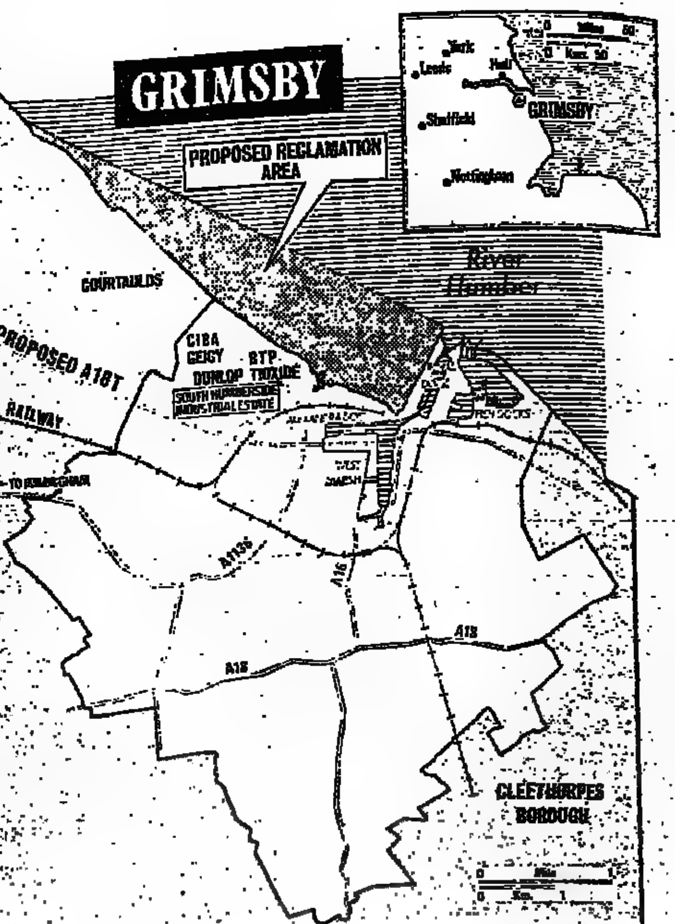
To make the best of what it does have, Grimsby is exploring a scheme to reclaim 1,000 acres of mudflats to the west of the Royal dock known as Pyewipe. This land is rarely touched by the estuarial waters and could provide the answer to all the town's prayers, if the finance were available. The area could be built up with waste from the South Yorkshire coalfield and linked in with the motorway network.

Cost is the great problem. Even funded over a 25-year period it would come to £300-£400m and that sort of money is not available locally nor is the Government, in its present cost-cutting mood, likely to contribute generously. So Grimsby has its eyes on the Common Market's regional fund.

It also has its eyes on the dockland owned by the British Transport Docks Board. There is considerable space available here and the council is not happy that much of it is being developed in ways which do not lead to much work creation.

A big section is being used to import and store cars, especially by Volkswagen, Peugeot and Citroen. The Board has, however, modernised many of the dockside facilities and considerable quantities of bacon from Denmark and timber products from Scandinavia and Russia now enter Britain this way.

Grimsby is also trying to set up an exercise to identify potential industrial sites but admits that it cannot do this in isolation—Cleethorpes must be a partner. Yet there is a feeling that this council does not understand the urgency of the situation. Grimsby's problems are that it is one of the most easterly industrial points in England, has trouble in attracting skilled workers, particularly managerial, and that at least an hour, possibly more, is required to reach the country's main road network. These are severe limitations: but despite them it has managed to run a reasonably prosperous economy which others eye with not a little envy.



Carson can win on Stand Easy

RACING

BY DOMINIC WIGAN

OVERTRICK (20-1), Northleach (10-1) and Micklemere (5-2) saw Willie Carson dominating events at Doncaster on the corresponding day a year ago and another hat-trick looks a possibility for him today.

The champion's mounts on this eight-race programme include Cannon King, trained by John Dunlop, who was responsible for those long-priced winners, Overtrick and Northleach.

Cannon King, a bay colt by Owen Anthony, bids for a hat trick in the one-mile Ollerton Handicap following recent wins at Pontefract and Teesside.

Cannon King, six-lengths conqueror of Quaker Star at Pontefract, found the task of defying a 10 lb penalty a more formidable proposition in the Five Lamps Apprentice Handicap at Teesside.

Nevertheless he again ran out a comfortable winner, needing only to be pushed out to hold Made My Day, to whom he was conceding nearly two stones, by 1½ lengths. There the pair were not troubled by the third-placed Kithairon.

At today's weights Cannon King has nothing to fear from Kithairon and a more serious threat to the three-year-old seems to be the presence of the improving Blue Bridge from another in-form stable, Frankie Durr's.

In terms of class the seven-furlongs Mexborough Stakes probably contains the highest classed runners in action this afternoon. The field for this two-year-old event includes Michael Stoute's Canadian bred colt Heavenly Ruler and the well-thought of Stand Easy trained by William Hastings.

Stand Easy, a strong impressive looking son of Connaught, receives 4 lb weight from his fellow Newmarket challenger and this factor could well tip the scales in his favour. He, too, is ridden by Carson who might still take back Mercer in their tussle for the Wilkinson Sword of Honour.

DONCASTER

12.30—Elizabeth Jane
1.00—Alfred Milner
1.30—Sir Gordon**
2.00—Clooney
2.30—Stand Easy***
3.00—Cannon King*
3.30—Leweston
4.00—Silly Abdull

TV Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Maxidog. 4.25 Jackanory. 4.40 Hong Kong Phooey. 4.55 Crackerjack. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Are You Being Served?
7.30 Sykes.
8.05 Penmarric.
9.00 News.
9.25 Nuclear Nightmares.
10.55 Points of View (London and South-East only).
†11.00 The Burns and Allen Show.
11.25 Regional, National News.
11.30 The Late Film: "I'll Never Forget What's 'Isname," starring Oliver Reed and Orson Welles.

All Regions as BBC 1 except at the following times:—

Scotland—9.25-9.45 am and 11.00-11.20 For Schools. 12.40-12.45 pm The Scottish News. 1.00-1.30 Cearcall. 5.55-6.20 Reporting Scotland. 10.55 Spectrum. 11.25-11.30 Regional, National News.

Wales—1.45-2.00 pm Y Cowboi Bach. 2.02-2.22 I Ysgolion. 5.55-6.20 Wales Today. 7.00-7.30 Heddiw. 10.55 Week In Week Out. 11.45 News for Wales. 11.46 The Rockford Files. 12.35 am Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.55 Make Mine Country. 11.25-11.30 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.55-11.25 East (Norwich) Variations; Midlands (Birmingham) Midlands Tonight; North (Leeds) Close-up North; North-East (Newcastle) Coast to Coast; North-West (Manchester) Home Ground; South (Southampton) It's Your Bid; South-West (Plymouth) Jazz at the Sportsmans Inn, Ivybridge; West (Bristol) Public Life.

BBC 2

11.00 am Play School.
12.45 pm Racing from Cheltenham.
†5.40 Flash Gordon's Trip to Mars.
6.00 The Model World of Robert Symes.
6.50 Animation at Cambridge.
7.05 Step This Way.
7.30 Mid-evening News.
7.40 In the Country.
8.10 The Jacksons.
†9.00 "Sergeant York," starring Gary Cooper.
11.10 Late News.
11.25 Friday Night . . . Saturday Morning with Tim Rice and guests John Cleese, Michael Palin, Malcolm Muggeridge, the Bishop of Southwark.

LONDON

9.30 am Schools Programmes. 12.00 The Learning Tree. 12.10 pm Pipkins. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Simply Sewing. 2.00 After Noon Plus. 2.45 Friday Matinee: "Lannigan's Rabbi." 4.15 Feathered Serpent. 4.45 Magpie. 5.15 The Brady Bunch.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 3-2-1.
8.30 Cannon and Ball.
9.00 Hawaii Five-O.
10.00 News.
10.30 Soap.
11.00 The Do-Gooders.
11.45 Vegas.
12.45 am Close: Personal Choice with Dame Flora Robson.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Friday Film Matinee: "The Brigand Of Kandahar." 5.15 Bailey's Bird. 6.00 About Anglia. 11.00 Friday Late Film: "Lure Of The Wilderness."

BORDER

1.20 pm Border News. 2.25 House-party. 2.45 Matinee: "The Man Who Could Work Miracles." 5.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Mr. and Mrs. 10.30 Wintersport. 11.00 Friday Feature: "Fright." 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on, where and weather. 2.45 The Friday Matinee: McMillan. 5.15 Rocket Robin Hood. 6.35 In Search of . . . Reincarnation. 10.28 Channel Late News. 10.32 Greenwich. 10.58 Late Night Movie "The White Tower." 12.40 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. †2.45 The Friday Matinee: "Go For A Take," starring Reg Varney. 5.15 Superbox. 6.00 Grampian Today. 6.35 Sportscall. 10.30 The Entertainers. 11.00 The Late Night Horror Show: "Dracula Has Risen From The Grave," starring Christopher Lee. 12.35 am Reflections. 12.40 Grampian Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Friday Matinee: "Rembrandt," starring Charles Laughton and Gertrude Lawrence. 3.45 The Amazing World of Kreskin. 5.15 Mr and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Clapperboard North-West. 11.00 The Friday Film: "The Seven Year Itch," starring Marilyn Monroe and Tom Ewell.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.45 The Friday Matinee: "The Abduction Of St Anne." 5.15 Makin' It. 6.00 Report West. 6.15 Report Wales. 6.30 Barney Miller. 9.00 Streets of San Francisco. 10.35 Report Extra. 11.05 The Late Film: "Taste The Blood Of Dracula."

HTV Cymru/Wales—As HTV general Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Cwningen Ar Brawl. 6.00-6.15 Y Dydd. 10.35-11.05 Oh No It's Selwyn Froggitt.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "Lucas Tanner." 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Winner Takes All. 9.00 To Be Advised. 10.30 Ways and Means. 11.00 Late Call. 11.05 Friday Night Movie: "Crime Club."

SOUTHERN

1.20 pm Southern News. 2.45 House-party. 3.10 Cartoon. 3.15 General Hospital. 5.15 Mr. and Mrs. 6.00 Day By Day. 6.30 Cabbages and Kings. 10.30 Southern News Extra. 10.35 Talking Bikes. 11.05 Soap. 11.35 The Late Film: "The Love Ban."

TYNE TEES

9.20 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 2.45 Friday Matinee: "Conflict Of Wings." 5.15 Makin' It. 6.00 Northern Life. 6.25 Sportstime. 9.00 Miss Tyne Tees Television 1979. 10.30 The Friday Night Film: "North By North-West." 12.55 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Barnacle Bill," starring Alec Guinness. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Ulster Television News. 6.30 Devine Country. 9.00 Westside Medical. 10.30 Friday Night. 10.35 Friday Film: "The Million Dollar Rip-off." 11.55 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "McMillan." 5.15 Rocket Robin Hood. 6.00 Westward Diary. 6.35 The Weekend Show. 10.32 Westward Late News. 10.36 Basset on Air. 10.55 Late Night Movie: "The White Tower," starring Glenn Ford. 12.40 am Faith For Life. 12.45 West Country Weather.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Film Matinee: "Conflict of Wings," starring John Gregson. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 11.00 Tonight's Detective: "Gunn."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London. 1458kHz 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Al Matthews. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Hello Cheeky! (S). 7.30 Fiesta de Dorita (S). 8.02 Friday Night is Music Night (S) including 8.40-9.00 Interval talk. 9.55 Sports Desk. 10.02 Take Your Partners at the Radio 2 Ballroom. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music with Tim Gudgin (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture, Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer Sibelius (S). 10.00 Young Artists Recital (S). 10.50 Music for Organ (S). 11.30 Bryan and Keys Duo (S). 12.10 pm BBC Northern Symphony Orchestra, concert, part 1 (S). 1.00 News. 1.05 BBC Northern Symphony Orchestra, part 2 (S). 2.00 The Arts Worldwide. 2.20 The World's Greatest Jazz Musicians: Earl "Fatha" Hines (S). 3.25 Scottish Chamber Orchestra (S). 4.25 Comparing Notes (S). 5.25 Homeward Bound (S) including 5.45-5.50 News. 6.15 At Home: (S). 7.10 One Pair of Ears. 7.25 Play It Again. 7.30 The Art of Vanni Marcoux. 8.00 Stravinsky Concert, part 1 (S). 8.50 Changing Qualities of Chinese Life. 9.10 Stravinsky, part 2 (S). 10.00 John Sparrow On . . . Growing Old. 10.30 Vivaldi/Bach concert (S). 11.00 Music In Our Time (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Prester John. 11.00 News. 11.05 You, The Jury. 11.50 Poetry Please! 12.00 News. 12.02 pm You And Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Playing For Peace. 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of The Week (S). 8.10 The Week at Synod. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

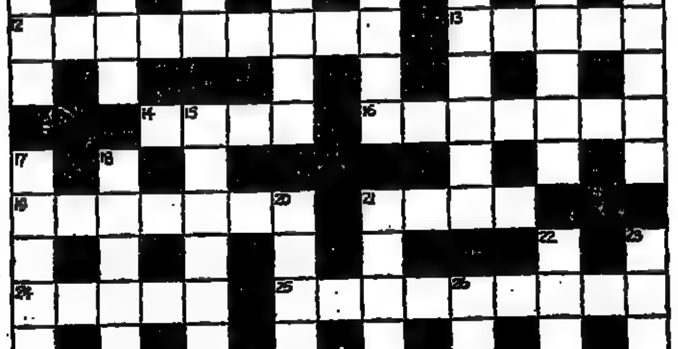
London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports. 8.00 After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 am Night Extra with Hugh Williams. 4.00 Our Kind of Town. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S). 2.00 am John Sachs's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,121



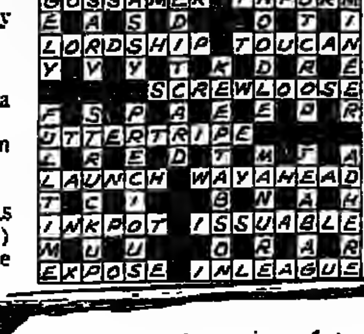
ACROSS

1 Ridicule bear at the double (4-4)
5 Straw poll taken by church yonder (6)
9 Exacerbates burning (8)
10 Harder doing business with King Edward (6)
12 Chief rogue has a way with Jack (4, 5)
13 Way round one key advocate of self-control (5)
14 Face put down the other way (4)
16 Odds on liars being confused by the coils (7)
19 Listen to X cheer (7)
21 Runmaker's crackers (4)
24 Bet on joker with some hesitation (5)
25 Team's receipts from bet (4-5)
27 Dee has fruit marked with spots (6)
28 Pitch chaff on to aromatic plant (8)
29 Set of five shut up on getting notice (6)
30 Top of hill overcome by bully (8)

DOWN

1 Chief seems demure to a student (6)
2 Leaving hard water job in authority (6)
3 Joke in quiet row (5)
4 Deliveries everybody puts on to do the dirty work (7)
6 Being sorry it might be assumed (4, 5)
7 Agency typist has spoken of this world (8)
8 Awkward customer being firm with Shell (4, 4)
11 Intelligence from all four quarters (4)
15 AI liner at odds among other things (5, 4)
17 Appeared to expose newsman (6, 2)
18 Take sides against band on top of . . . (4, 2, 2)
20 . . . bed sent another way (4)
21 Seem likely to offer blonde . . . (3, 4)
22 . . . fiddle from western point of view (6)
23 £10 turning up for junketing (6)
26 Sucker for bottled lemonade (5)

Solution to Puzzle No. 4,120.



هكذا من الأصل

Cinemas are continued on Page 25

THE ARTS

Cinema

Stone the Pythons! by NIGEL ANDREWS

Monty Python's Life of Brian (AA) Plaza
London Film Festival National Film Theatre
This Sweet Sickness (X) Camden Plaza
Mad Max (X) Warner West End, Classic Oxford St., Scene
Game For Vultures (X) Classic Leicester Square

Michael Palin as Pontius Pilate backed by John Cleese and Graham Chapman in a scene from "The Life of Brian"

Get thee behind me, Python. Guaranteed to offend every readily-offended minority—among whom Christians in these faith-eroded 1970s must be counted—*Monty Python's Life of Brian* is not for the racially or ideologically squeamish. Do you quail at the thought of a misheard Sermon on the Mount ("peacemakers" reaching the back of the crowd as "cheesemakers," the "meek" as the "Greeks")? Do you blanche at the notion of a Roman noble and his wife called Biggus Dickus and Incontinentia Buttox? Does it chill the cockles of your heart to watch a public stoning being conducted, by a bossily official John Cleese, like throwing practice on an ill-behaved school cricket field?

You name the lapse of taste, *Monty Python's Life of Brian* perpetrates it. Yet the blasphemy-invoking fuss that surrounded the film in America is for fishers of red herrings only. The Python team have never specialised in made-to-shock "bad taste," and they do not do so here. That kind of inverted evangelism—speciality of the world's Lenny Bruce's—is way wide of the mark in viewing their any-grist-to-the-mill surreal comedy. What Cleese, Palin, Idle and Co. dispense is the mad concatenation of opposite ideas: their New Testament is a hunting-ground not for caustic iconoclasm but for a helter-skelter flood of anachronisms, non-sequiturs and Pythonesque incongruity.

So take your pick. The choice is vast and varied. Shot in sun-baked Tunisia and directed by Terry Jones (who also plays the hero's cockney-screeching mother), this is the tale of Brian son of Brian, who was born in Bethlehem but a stable's throw away from Our Lord on that memorable Christmas Day. His ensuing adventures as the mistaken Messiah take up a funny, hectic, seldom-flagging 94 minutes and give Graham Chapman a starring role that he seizes as to the manger born.

Also on hand are John Cleese, demonstrating that Basil Fawlty's ancestors were alive and well in ancient Palestine, Michael Palin, contributing a cherishably effete Pontius Pilate, and Eric Idle. Mr. Idle ends the film by leading the crucifixion victims in a show-stopping chorus of his very own composition "Always look on the bright side of life." Buy now at your local record store while stocks last. And see the film. It's not the best of the Python features, but it's still head and fangs above most of its contemporaries.

★

Spread out before me, as the candle gutters into the small hours, is the brochure for this year's London Film Festival. This boasts a different but equal embarrassment of riches. I shall not concuss your brain by naming all eighty-or-so feature films (and unnumbered shorts) showing at the festival, which lasts at the National Film Theatre from November 15 to December 2. But let me assure you that at least half of them are worth the price of a ticket. (Which this year is £2.50 for the public, £1.70 for members.)

Word may have reached you by now that the British cinema is flourishing as seldom before. See and believe it for yourselves. *City Farm*, *That Sinking Feeling*, *The Tempest*, *Lina Brooke* and *The Secret Policeman's Ball* are among the native products worth catching, and the last of these has John Cleese again in Roger Graef's film record of an Amnesty comedy gala at Her Majesty's Theatre.

See and devour also two magnificent period epics by Hong Kong's master of myth King Hu. These are *Raining In The Mountain* and *Legend of the Mountain*, and they show that there can be such a thing as a cinema that combines delicacy and spectacle, action and ideas.

Many of the festival films have already secured British distribution and will be available later in public runs. But of the now-or-never movies, you must try and see some of the following: Eric Rhomer's *Perceval of Wales*, Jim Sharman's *The Night The Prowler*, Mark Rappaport's *Imposters*, Andrzej Wajda's *Rough Treatment*, Krzstof Zanussi's *Night Paths*, Yoichi Higashi's *A Boy Called Third Base* and Ahmed El Maanouni's *Oh The Days*.

There are a few gaps in the festival, some more accountable than others. It's sad not to see at a round-up festival like London's such 1979 landmarks as Bertolucci's *Luna*, the Taviani brothers' *Il Prato*, Pontecorvo's *Operacion Ogro*, Schlöndorff's *The Tin Drum* and Coppola's *Apocalypse Now*. Some of these missing films are assured of distribution in Britain later this year or in 1980. But others, unseen at the festival, may remain unseen indefinitely by British filmgoers. If you feel deprived, pick up a pen and write to a distributor.

★

This Sweet Sickness is an obsessional love story shot in pale chlorine blues. Appropriately, since the film ends with a plunge into a swimming-pool and since most of what goes before has a watery, refracted strangeness like an underwater ballet.

French director Claude Miller's adaptation of a Patricia Highsmith novel stars Gérard Depardieu as a man helplessly in love with a girl who has rejected him and married another man. He channels that thwarted love into a secret, make-believe inner life, retreating at weekends from his humdrum town job and humble bedsitter to a log cabin in the country which he fills with the spirit (and the photographs, and some of the dresses) of his beloved. And he schemes to get her back....

Meanwhile, there is pretty French actress Miou-Miou, playing a fellow lodger in his rooming-house whose unrequited love for Depardieu prompts her to pry — ill-fatedly —into his strange weekends. This tail-chasing imbroglio of two loves has some of the sauce, poker-faced nuttiness of Miller's first feature *The Best Way To Walk*, and it imaginatively defines *l'amour fou* not by its histrionic excesses but by its deadpan, turned-in-on-itself pain. Fine performances and moody, fluid direction; even if as a Highsmith adaptation it doesn't quite have the weight and resonance of Wim Wenders's *The American Friend*.

★

So many vehicular thrillers of recent years have been dubbed the car-movie-to-end-all-car-movies that the phrase is clearly destined for obsolescence. Each time you think the ultimate in Auto Exoticism has been reached, some new film ups the ante and now we have George Miller's *Mad Max*, from Australia of all places, which has the cars all but coming out of the screen and running over you in your seat as you eat your popcorn.

It is a dazzling roller-coaster of a film, cheerfully re-moulding the futuristic tropes of *Death Race 2000* and company, and producing a *grand guignol* fantasy in which black-leather police in souped-up cars conduct a war-to-the-death with motor-cycle gangs sometime in never-never Australia. George Miller is the director, and he must have eaten, drunk and inhaled comic strips as a child. The film is so lively, so brash, and edited with such psychedelic brilliance that you live with it for hours after coming out of the cinema.

Miller's movie was snapped up, not surprisingly, by American distributors, and it's thanks to them you're seeing it here. One's only complaint is that they have had the discourtesy to dub the voices from their natural Strine into an ill-matched and inexpressive American. A piece of ethnic intolerance hard to explain and even harder to excuse.

★

Game For Vultures is a deeply, dreadfully boring adventure story, telling you everything you didn't want to know about sanctions-busting in Africa. Richard Harris and Richard Roundtree star as white wheeler-dealer and black guerrilla respectively. Ray Milland is a bald British money baron, and Joan Collins as Mr. Harris's hard-to-satisfy wife wraps herself around everything that moves and several things that don't. The film is shot hideously in what looks like blown-up eight-millimetre and the director, who should know better having been reared on the spruce and simple efficiency of Clint Eastwood movies, is James Fargo.

Royal Shakespeare Theatre

Julius Caesar by B. A. YOUNG

The combination of Barry Kyle, director, and Christopher Morley, designer, that I so much admired in *Measure for Measure* has come a terrible cropper in *Julius Caesar*. Visually, this production seems to me a desperate search for novelty; and dramatically, a half-hearted attempt to introduce the Marxism of the Warehouse into the classic theatre.

The action is confined to a small polygonal stage surrounded by low wooden palings. It made me think of the cattle-market in the village I lived in years ago. The opening scene with the holidaying commoners suggests a second-rate musical, the plebeians all arrayed in colours, and Caesar, when he arrives in his great orange ostrich-feather cloak, greeted with streams of toilet-paper. The cattle-market serves until after the interval, when we move inside Brutus's tent, to see him drafting an operation order with his quill. (No reason why he shouldn't have a quill if he has a book with pages you can turn down to mark the place.) When the battles between Brutus's men and Octavius's men begin, each side has half-a-dozen representatives lined up on the circumference of the field. They get picked off one by one as the casualties mount.

John Woodvine makes a handsome Julius Caesar. He climbs up on a table to address the Capital, so requiring Casca (Nigel Terry) to climb up behind him for his initial stab. As Mr. Woodvine falls, muttering "Et tu, Brute" into his cloak, his toga is red from a dozen wounds, but the conspirators' daggers, which they flourish in triumph, are as bright-clean as a service rifle. Brutus, though Ben Kingsley plays him as an intellectual, is no slouch at stabbing, and loses his temper pretty comprehensively too in the quarrel scene with Cassius. Cassius is played by James Laurenson, tall and shaggy-bearded (and currently lame from a lately-broken leg): he is less intellectual than usual, a figure from some ancient Roman John Buchan. Brutus's boy Lucius is John Matshikiza, black and bearded; he must find it uncomfortable to be addressed as "boy."

I think I would have been happier if Mr. Kingsley and Mr. Laurenson exchanged roles.

One badly-judged casting is David Threlfall's Antony. Mr. Threlfall was justifiably picked by the critics in Plays and Players as last year's most promising new player, but this was mostly for his work in modern plays at the Warehouse. He does not have the voice for Antony; there is a whining quality in it, no real enthusiasm, and a host of dubious emphases. (There are dubious emphases elsewhere, too.)

On the field of battle, where Shakespeare asks for soldiers of both armies fighting, Mr. Kyle gives us an ornamental assault-at-arms that even includes a boxing-match. But by then there is no hope of our believing that we are at anything but a political demo. Octavius's men have Caesar's ostrich-feather cloak as a banner; Brutus's have something more appropriate to Trafalgar Square, bearing the words PEACE, FREEDOM, LIBERTY and some bloody handprints to remind the troops who it was that killed their Caesar. Perhaps it was embarrassment in the presence of Octavius that caused Brutus to run so enthusiastically on his sword.

Leonard Burt

Ben Kingsley and John Woodvine

Wigmore Hall

Nigel Kennedy by ANDREW CLEMENTS

With stirring memories of Menuhin's Festival Hall performance only 48 hours old, Bach's D minor partita turned up again in Nigel Kennedy's Wigmore Hall recital. Now 23, a product of the Menuhin and Juilliard Schools, Mr. Kennedy is a violinst of quite exceptional gifts. But whether accidentally or by design, his programme last night threw emphasis mainly on his technical ability: it is indeed an absolutely sure technique, but rather less than the whole artist, one hopes.

There appears at present to be a cultivated austerity about his playing; much warmth in his tone and strength in his bowing, but an unwillingness to yield or to relax. The D minor partita was unfolded almost casually in emotional terms. The phrasing was generally immaculate—though the second half of the gigue and a brief section of the chaconne threatened incoherence—each strand of the argument ringingly clear, but without pause for reflection or indulgence. Brahm's D minor violin sonata became wintry rather than autumnal, all the poetry supplied by Yitkin Seow's supple, limpid piano playing, matching his partner for polish. Enesco's third sonata was technically outstanding (difficult to imagine the artificial harmonics in the second movement more effective) yet lacking any sense of its nationalist roots.

A short, pallid exercise in bluesy lyricism, David Heath's *Out of the Blue*, and Bazzini's *La Ronde des Lutins*, a showpiece much exploited by the young Heifetz, completed the programme. The Bazzini is astoundingly difficult and was effortlessly brought off by Mr. Kennedy, but it remained remote, glacial almost.

Covent Garden

La Bohème by MAX LOPPERT

On Wednesday night Ileana Cotrubas gave her first London Mimi. It proved even more exquisite and more affecting than one dared to hope it would. Miss Cotrubas brought the whole role to life—not only its present but also its past, for with a complete imaginative understanding of the person she was playing she illumined every phrase in such a way that we felt we had known Mimi all our lives, and all hers. In each fond reminiscence of an object or a scene cherished —and in Mimi's lines there are many of these — there was demonstrated a gift of making the words and the object vivid, at times almost tangible. When this Mimi sang "Germoglia in un vaso una rosa," we saw the rose, the petals, the vase and saw, too, the simple but full-hearted pleasure it gave. It goes without saying that Miss Cotrubas looked enchanting—frail, piquant, but also (as when confessing a strong emotion) transfigured, almost ecstatic. The voice was not as full as those of some recent Royal Opera Mimis; in sustained notes there was sometimes a tremble, and sometimes a shudder. The C above the staff floated from offstage to close Act 1 was very beautiful: easy, shining, long-held.

She is not the only reason for rating this a revival of vintage quality, and for suggesting that people who think they know (or know all they want to know of) the opera should pay it a visit (digging deep into their pockets to do so: top price stalls are £21). *Bohème* is the opera Carlos Kleiber has chosen for his return visit to Covent Garden; and he shows what a combination of extreme vigilance, precision of execution, and affection can do for one's appreciation of its musical worth. It was wonderful to be allowed to hear so much of the score clear in all its parts, lucid, balanced, glowing of tone. This was not, however, an X-ray print of the opera, for the purpose of musical precision (and the point of all those fabled rehearsals) was musical exhilaration. There is a rich vein of high-spirited invention in the opera, which moved last night on a spring of taut yet never brutal rhythm—at times the *scherzoso* side of Puccini came close to Mendelssohn fairy music (this is meant as a compliment). There was also plenty of elbow room for the singers, plenty of controlled expansiveness in the episodes of romance and sentiment: at one point, towards the climax of "Che gelida manina," the conductor pulled out the violins above the tenor, Giacomo Aragall, in a way that temporarily drowned him. Such a miscalculation was as rare as it was temporary.

Mr. Aragall's hero, returned to the house in fresh, well-tuned voice, is not the product of a recreative artistic imagination so much as a state of the singer's being: he *is* Rodolfo, ardent, romantic, quick-tempered, and we accept him as such. In an unusually exigent mood one might demand a longer, steadier way with some of the phrases of his aria (transposed down a semitone); on the whole, though, natural grace and taste guided him eloquently. The second couple, both new to the house, are Jonathan Summers (robust and ebullient to the point where the line risks disturbance) and the Armenian-Lebanese soprano Sona Ghazarian—prettier (very pretty) of form and humour than of voice, though that is serviceable enough.

It is the abiding merit of John Copley's occasionally hyperactive production that the characters can enjoy themselves without excluding the audience from the fun. John Rawnsley's Schaunard, aided by some beautiful playing during his entrance speech, and Gwynne Howell's unfailingly interesting and original Colline (finding some new touches of sentiment in his song) both keep the knockabout within the bounds of dramatic propriety. The detail of Mr. Copley's production changes at each revival; this time, Musetta sang "Quando men' vo" not from the billiard table but from the centre of the stage—a distinct improvement.

Festival Hall

Buller's Proença by DOMINIC GILL

The oboe gives an A, and the orchestra tunes. But as the tuning hubbub subsides, the A is still sounding: the piece has begun. A soft E from electric guitar joins the oboe, and then a low B flat from a solo voice—a spare, gentle chord, symbol of the dawn of European song after the long night of the Dark Ages.

There are many layers of significance and symbol in John Buller's *Proença*, a 30-minute setting for mezzo and orchestra of Provençal troubadour lyrics from the 12th and 13th centuries, first heard at the Proms two years ago and given its second London performance by the BBC Symphony Orchestra under Mark Elder on Wednesday. Some are clearly drawn, others hidden. But song, as the composer says, is essentially what *Proença* is "about" — verbal, instrumental and vocal; the joy it can represent; and the violence it can meet.

Proença is not only by many miles Buller's best work to date; it also sets happily on its head the unhappily typical form of today's New Commission—a notebook of finely worked pages and intricate gesture, delicately imagined, which together seem to have no *raison d'être*, no driving force behind them, no heart, or shape, or direction. If *Proença* has a fault, it is in the plainness and superficial working of some of its texture and detail; but the dramatic thread, the powerful heart of the music, never falters.

The song of words, of voices, and of instruments. Buller chooses as one of his two major soloists (although almost every strand of the orchestra has a solo voice to contribute at some point in the score) that most inexplicably neglected of modern instruments, the electric guitar. Buller's writing for it, like his writing for the voice, is imaginative, though not notably grateful: but how surely is each point made, how deftly each broad line painted! In the dense settings of Arnaud Daniël that three times punctuate the work, the electric voice of the guitar takes over from the human: "I am Arnaud, who swims against the incoming tide!" — and the answer is grim, foreboding, a growling swell from the instruments in their lowest registers. Darkness threatens, and more than once all but overwhelms the texture; but the human voice remains, asking finally—more as a question than a prayer—for pardon: and love?

It was a strong performance, beautifully organised by Mr. Elder, and cleanly driven with a quick, clear beat. The guitarist was Timothy Walker, and the solo mezzo Sarah Walker, who burnished her line with rich and vivid colour—masterly troubadour. Good news that *Proença* is about to be commercially recorded.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871, 883897

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Friday November 9 1979

China's move westwards

THERE HAS inevitably been some disappointment that Chairman Hua Guofeng's tour of western Europe has not led to the placing of any major contracts with European industry. But that should not mask the real importance of the visit. Hua's tour is part of the broadening of relationships with the rest of the world on which China is now embarked. From the limited contacts the Chinese had with most European countries until recently—and the even more limited contacts there were with the United States until full diplomatic ties were established earlier this year—China is looking to a multi-tiered relationship with the OECD countries of the sort they now have with East Europe.

Interest

This involves increased commercial, cultural and technological exchanges as well as new departures such as joint ventures and China's borrowing on western commercial markets. It means more Chinese visiting the west and the opening of China to more western visitors. It could mean China seeking membership of the World Bank, GATT and the IMF.

The west has an interest in seeing that this process runs as smoothly as possible because it has an interest in an outward looking, prosperous and stable China. It is an unhealthy international system from which a country of China's size and with the historic influence China has carried in the world should be excluded or lock itself out. Now that China is increasingly experimenting with western management and pricing mechanisms, the closer such links can be the better.

The new leadership faces an almost impossible task in realising the expectations of higher living standards that it has aroused. Inevitably there will be hiccups in the process of development that carry with them the risk of a backlash. The West can help cushion China against such blows both through support and through the know-how it can provide in both industry and agriculture.

The West also has a strong mutual interest with China in containing Soviet power. But the West also differs with Peking in its appreciation of the Soviet threat and how to handle it. China would like an informal alliance with a strongly armed western Europe in the belief that in such circumstances the Russians would never risk a war on two fronts.

The Chinese view reflects the insecurity of a nation that is outgunned and which has been under continuing pressure to rejoin the Soviet's Socialist camp.

Right to resist

Western governments are right to resist anything smacking of a military alliance. The U.S. and Europe have weapons and delivery systems that the Chinese cannot begin to match. Europe's defence must essentially stem from itself and from the American alliance. China plays a useful role in pinning down large numbers of Russian troops on the Soviet eastern border. And the West benefits from a degree of continuing Sino-Soviet rivalry. But China's role in western security should not be overstated.

There are also areas where our interests do not coincide. The West is anxious for meaningful negotiations with the Russians over arms limitations. It would like China to put a stop to military supplies to the Patriotic Front in Africa. Though it shares a common interest in containing Vietnam and Russian influence in Indochina, it has differing views on the future political shape of Indochina and South East Asia.

Message

Chairman Hua came to Europe both to learn and to teach. His main message was of the necessity of standing up to the Soviet Union—with as an example the blow that China delivered to Vietnam/Russia in February. In Mrs. Thatcher he found sympathy for his anti-Soviet stance and in Britain he made his most outspokenly anti-Soviet remarks. The Russians have protested at these but they have had such brickbats thrown at them by the Chinese before.

In practice the Chinese have followed a far more responsible foreign policy than their rhetoric would suggest. The lesson that Hua should have taken back is that we want him to stick to this road. The West has no wish for the Chinese to push their quarrel with the Russians to the point of jeopardising overall detente or exacerbating further the current instability in South East Asia.

How to control Rolls-Royce

ROLLS-ROYCE is one of the world's three leading aero-engine builders. As a large exporter in a high-technology business, it is an asset to British industry. But its national importance does not mean that it is exempt from commercial considerations. It is not entitled to an endless supply of taxpayers' money in the hope that in 10, 20 or 30 years' time it may make an adequate return on the investment. Ideally it should be returned to the private sector, just like its two U.S. competitors, but the enormous costs associated with the RB-211 programme and other new engine developments preclude that solution for some time to come. Thus it is even more important that, while Rolls-Royce remains in the public sector, it should be subject to strict financial controls, with clear profit targets and clear limits on its access to public money.

Resentment

The last Government gave the National Enterprise Board the task of supervising Rolls-Royce—a decision which was resented by the management of the company, which preferred to deal directly with the Department of Industry. The argument was that a commercially-minded organisation like the NEB was more likely to impose the necessary disciplines than civil servants. Earlier this year, shortly before the election, the Government instructed the NEB to secure by 1981 a rate of return of 10 per cent on capital employed in Rolls-Royce and a progressive increase thereafter. This was not an unduly demanding target, but it at least gave the company and the NEB a framework in which its performance and its requirements for new funds could be assessed.

Since then the financial performance of Rolls-Royce has been badly hit by the strength of sterling, and the chairman of the NEB has been openly critical of the company's management. It now appears that the Conservative Government is considering a change in the control arrangements, taking the job away from the NEB and returning it to the Department of Industry.

While the change would obviously be welcomed by the management of Rolls-Royce, it is not clear what else it would achieve. It seems hardly possible that Mrs. Margaret Thatcher and Sir Keith Joseph wish to relax the financial controls over the company or to make funds available to it on less onerous terms. One assumes that they would be even more determined than their predecessors to restore Rolls-Royce to financial viability, even if that involved a contraction in the size of its development programme.

Have Ministers persuaded themselves—or been persuaded—that the civil servants would be better at monitoring the company than the NEB? This would be a strange view to hold in the light of Whitehall's performance in the period before the Rolls-Royce bankruptcy. The criticism of the company today is that while it is good at selling engines, its internal financial controls are weak. On the face of it, the NEB is more likely to tackle these weaknesses and to enforce the necessary management changes than the Department of Industry.

It would be regrettable if the Government is considering this step out of a desire to clip the wings of the National Enterprise Board. However much Conservatives may dislike the creature, it is performing certain tasks which have to be performed somewhere in the government machine. Ministers presumably do not want to repeat the error of the last Tory Government, which was to abolish the Industrial Reorganisation Corporation, only to re-create it later in another guise.

Cash-hungry

No doubt there are other ways of supervising Rolls-Royce than through the National Enterprise Board and perhaps the Government sees the transfer from the NEB as the first step in a plan to provide a new financial basis for the company's operations. But, whatever the control arrangements are, they have got to be strict. The fact that personal relations between the chairmen of the NEB and the company have been poor is not necessarily a bad thing. Rolls-Royce is likely to remain one of the most cash-hungry of all public sector enterprises. Its commercial and technological ambitions have to be kept under a tight rein.

IN A DECADE 100,000 JOBS HAVE BEEN LOST AND MORE LOSSES ARE TO COME

The dangers facing industry in Scotland

BY RAY PERMAN, Scottish Correspondent

THIS MORNING unions and workers at Massey Ferguson's combine harvester factory at Kilmarnock, Ayrshire, meet the management to hear what the plant's future is to be. They fear the worst, but hope for the best. The bad news could be complete closure with the loss of 1,500 jobs, a devastating blow to an area that has already suffered more than most in the past year and one likely to be borne with grim resignation by the labour force. But the real guide to how depressed the level of expectations in Scotland has become is what employees, unions and Government alike would regard as good news—not the salvation of the plant or anything like it; everyone knows that is in the realms of fantasy. The best that could come out of today would be an announcement by the company that it intends to keep on 500 people so that only 1,000 people face the prospect of unemployment.

Centralisation pressures

Although individual circumstances may vary from industry to industry, Massey Ferguson is being squeezed by basically the same pressures that have forced many other companies to take similar decisions in the past few years: costs are rising uncontrollably and demand is shrinking. While it looked like good sense to set up satellite manufacturing plants when the Western economies were buoyant, it now looks equally logical that they should be the first ones closed when it becomes necessary to scale down production and reduce overheads.

In this particular case the company wants to centralise production of combines at its larger French factory. Shop stewards are taking it hard, saying their industrial relations record is better than many in the engineering industry—they were not involved in this year's national engineering strikes, for example—and, although they have no management figures to back it up, they claim Kilmarnock was highly profitable in the days when it was running at near maximum output of 90 machines a week. It is difficult, however, to see how it can be anything but disastrously unprofitable now that output is below a third of that level.

For the same basic reasons Chrysler UK's Linwood plant, where shop stewards failed this week to dissuade the management from paying-off 1,250 night shift workers, has been sustaining losses which the company cannot support indefinitely: so too has Singer's Clydebank plant, which is to close with 3,000 redundancies, BSR's East Kilbride plant, closing with the loss of 1,000 jobs, and so on down the list.

In some cases the difficulties have been compounded by poor management, lack of investment, falling productivity and labour apathy, but the thread that runs through all the difficulties is the same. Some estimates put the number of jobs lost in Scottish manufacturing this year as high as 30,000, with more to come. Over 2,000 jobs in the Scotstoun shipyard in Glasgow and the Robb Caledon yard, Dundee, are at risk if new orders cannot be secured soon. Marathon UK's rig building yard at Clydebank has been put up for sale and faces an uncertain future and the Wiggins Teape pulp mill at Fort William could close.

The reactions of unions and workers have been turned by the constant dripping of the tap from defiance to despair. "When in the name of reason is it going to end," was the comment of Mr. Jimmy Milne, general secretary of the Scottish TUC when told of a major closure last week. The days of the sit-in have gone with the last of the workers' co-operatives. Now it is all that many shop stewards can do to hold the workforce of a doomed plant together during the redundancy negotiations. "Most of my members would rather take the first offer and get the hell out," one told me.

The Government, in the person of Mr. George Younger, the Scottish Secretary, is staying aloof. There is little in practical terms that he can do, but he has steered clear of the endless meetings with managements, trade union officials, local MPs and councillors that his Labour predecessor believed were an essential show of sympathy and indignation at such times. After each closure announcement, Mr. Younger confines himself to a brief expression of regret and the explanation that it is a "commercial decision."

Behind the Government's attitude is the belief that what is happening to Scotland's industry is structural change rather than mere cyclical downturn and that it would therefore be wrong to impede the process. The market will inevitably destroy those companies and industries that have outlived their usefulness and all that the Government can do is fertilise the ground in which it hopes new enterprises will spring up.

JOBS AT RISK:	
Massey Ferguson	1,500
Wiggins Teape, Fort William	600
Marathon, Clydebank	1,100
Robb Caledon, Dundee	1,100
Scotstoun Marine	1,000

Unions and the Labour Party see things differently. They argue that the crises many companies are facing now are the product of short term forces, but unless the Government acts to support them, these companies will be out of business by the time markets again pick up.

It will be a test for Mr. Younger's mettle whether he is able to hold to his view. In his relatively small parish he feels the pressures from unions, communities and Labour MPs, who are in the majority in Scotland, more than does the Industry Secretary, Sir Keith Joseph, and all the indications are that they are going to intensify. The widespread belief is that the recession is at least a year away from its bottom and the latest CBI trends survey for Scotland was, if anything, even more pessimistic about the prospects than those for the UK as a whole.

Mr. Younger and his chief economic adviser, Dr. Gavin McCrone, have already fought one successful action to prevent the whole of the Highlands and Islands being taken out of the assisted areas in the review of regional policy and the changes in status of other areas being made immediately instead of over a three-year period. The question is whether the force of events will compel him to modify in Scotland some of the other industrial and economic policies emerging from London.

Scotland has lost 100,000 jobs in manufacturing in the last ten years, many of them in the traditional regional industries of shipbuilding and heavy engineering. Structural change has been under way for a long time and it is no longer true that the country is out of step with the rest of Britain. The Fraser of Allander Institute at Strathclyde University pointed out last week that the employment distribution north of the border now closely corresponds to that for the UK as a whole. If Scotland can be looked on as a model, should there be further contractions to come, other areas are going to feel the effects in the same way.

New industries have come into Scotland, notably electronics and chemicals, both of which have expanded dramatically in the last decade. But they have nowhere near taken up the labour released by older industries nor made up for the fall in production. Despite a 50 per cent growth in electronic output since 1970, total manufacturing production last year was less than it was in 1974 and this year began inauspiciously with a slump of nearly 3 per cent in the first quarter.

Emigration, the traditional response of Scots to recessions in the economy, is again rising after a period when the haemorrhage seemed to have been staunched and more than half those who left last year quit the UK altogether to make new lives overseas.

No figures are available to support this view, but it would be surprising if many of those workers leaving the country were unskilled labourers. The drastic unheaval that the Scottish economy has been passing through has led to a loss of skills in the Scottish labour force. Craftsmen made redundant from the industries in which they learned their trades have often preferred to get away from Scotland, or the UK altogether, rather than moving their homes a few miles to an area where they might have to face the same risks again. This fact is well recognised abroad. Earlier this year the Irish Development Agency came through the West of Scotland looking for time-served men to work in the Republic and a number of companies with plants in southern Ireland are sending talent scouts to Clydebank to recruit from among the Singer redundancies.

This leads to the irony of high and rising unemployment coexisting with skill shortages, which are constraining to growth of many Scottish firms. This situation in turn encourages incoming companies to set up assembly plants where workers can be trained to a fairly low level of skill to put together products designed and developed elsewhere. This is particularly true in the electronics industry where apart from the two major UK owned firms with bases in Scotland, Ferranti and Marconi, most of the other large plants are assembly operations with very few frills. It is not only confined to one industry. The management of Chrysler UK has hinted that Linwood may also be moving in this direction.

Dependent plants

How this development is viewed depends on one's concerns. To the Government and the trade unions, anxious to have jobs sooner rather than later, it is a case of taking what is on offer. The reliance on investment from abroad to create new industries means that there will be a large proportion of dependent plants in the economy. To be fair, the Government is also doing what it can to encourage indigenous entrepreneurs, but it is a slow process. The Scottish Office and the Scottish Development Agency have recognised the dangers of a low skill base and have been pressing the technical colleges and universities to train more technicians and graduate engineers, but again, it may be years before the results can be seen in the industrial mix.

Taking a longer view, one of the dangers now facing Scotland is that the new industries coming to replace the old will be in the same position in 10 or 20 years' time, that today's bright hopes on the frontiers of technology will be tomorrow's peripheral plants with high overheads, to be closed when world capacity has to be cut back.

The North Sea boom, which followed the fourth round of licensing and the vigorous regional policy developed by Mr. Heath's government and extended by the Labour administration tended to hide the underlying trend in Scottish manufacturing, which is now beginning to be revealed. Even the gloomy forecasts of the Fraser Institute have been proved too optimistic over the past two months, with unemployment worsening much more quickly than it expected. Its predictions for the next five years are grim: the level of output will continue to stagnate, labour demand will drop and unemployment could rise by 50 per cent.

In 1980 we are likely to see a list of industrial closures as long as that for 1979.

MAJOR CLOSURES AND REDUNDANCIES ANNOUNCED THIS YEAR

(Actual outturn may vary from initial announcement)

January	Singer, Clydebank	1,500
	SKF, Irvine	300
	Dunlop, Inchinnan	250
February	Goodyear, Drumchapel	700
March	Pye TMC, Livingston	500
May	McDermott, Ardersier	360
June	Singer	300
July	BSC, Craigneuk	200
	RGC, Methil	300
August	Burntisland Fabricators	400
	BSC, Lanarkshire	390
	British Shipbuilders, Greenock	300
	Govan	1,100
	Monsanto, Ayrshire (2 plants)	800
September	Prestcold (2 plants)	900
	Lawson's of Dyce	600
	JBE, Clydebank	600
October	Collins, Bishopbriggs	600
	Timex, Dundee	600
	Singer	3,000
	Model Toys, Shotts	200
November	BSR, East Kilbride	1,000
	Chrysler, Linwood	1,250

MEN AND MATTERS

Fooling some of the people . . .

Intending shoplifters, or staff discreetly dipping their hands into the till, may have been disconcerted in recent months by the sprouting of closed-circuit television cameras on the ceilings of even the more modest shops and supermarkets.

Often, despite their efficient random scanning movements and red operating lights, these seemingly sophisticated devices do, it emerges, precisely nothing. But their practical effect is claimed to be that of the genuine article — they frighten people.

The dummy cameras—"we prefer to call them simulated"—were introduced to Britain earlier this year by a Coventry security company which first imported convex mirrors in the 1960s, and now claims to command 95 per cent of that market. A set of three of its bogus cameras costs around £200, compared to many thousands for the real thing linked to a video recording machine.

Chief executive Frank Pegg, who founded his Volumatic company 19 years ago, tells me that demand is buoyant. He insists that Home Office statistics indicating a fall in shop theft during 1978 are really due to shopkeepers' reluctance to waste time—as they see it—in court. Much crime is therefore unreported. "No one wants to catch thieves," he says. "They want to stop them thieving."

A Home Office lecturer on the subject, Pegg estimates that shop theft is running at a record £850m a year, of which perhaps 60 per cent—even more rarely reported than customer shoplifting—is committed by employees.

So the nation's shopkeepers will no doubt be studying with interest the advertisement which Pegg's company has placed in The Grocer magazine: "Why it pays to instal a closed-circuit TV that doesn't work." The thoughts running through their heads may, however, not be entirely about the vaunted "no maintenance worrier."

According to Pegg, retailers' own thefts from their cash-and-carry wholesalers add about 2 per cent to the prices they have to pay, an increase naturally passed on to the ultimate consumer: "They put packs of ham between the axles of the trolleys, stuff razor blades down the centre of tubes . . . it's part of a great vicious circle."

Disturbing images

British companies have a stockpile of excuses for poor performance: strikes, the weather, a rising (or falling) pound. A more original explanation was offered this week by Henry Boot, the Sheffield construction company, for losses in its leisure division. Boot opened a squash centre in Windsor, hoping to attract the well-heeled and athletic commuter.

All went well until the company engaged a brawny barman, whose arms were decorated with extravagant tattoos. This unaccustomed spectacle, according to the company offended the sensibilities of the Windsorian squash-playing class, and profits slumped.

The barman was encouraged to wear long-sleeved shirts while serving the gin and tonics, but to no avail. A new barman was found. Business is booming.

Telly armistice

It might have ben a highly embarrassing occasion. It turned out—by a hair's breadth—to be one with smiles all round. West Germany's Foreign Minister, Hans Dietrich Genscher, yesterday accepted a gold medal for "services to Europe" from Luxembourg Foreign Minister, Gaston Thorn. Only 24 hours earlier, Genscher had performed one of his most practical services to Europe by stating that Germany did not plan to declare a "war of the airwaves" on the grand duchy.

Many West German officials have been expressing horror since Luxembourg announced it was studying plans to beam television programmes by satellite to neighbouring countries in the 1980s. There is a fear that these broadcasts from the grand duchy might syphon off advertising revenue now going to German stations; there also seems to be a wider concern in Bonn that too much TV is a "bad thing."

There are even suggestions that West Germany and France have agreed jointly to put pressure on the Luxembourgers to drop their scheme—a prospect described in the grand duchy as like "using Big Bertha to bring down sparrows." But in a declaration in the Bundestag on Wednesday on free exchange of news and views, Genscher indicated that no such action was planned. It helps explain those smiles in the Grand Duchy yesterday. "Radio Tele Luxembourg" is, after all, the second biggest taxpayer in the land, after the banks.

Black achiever

Godfrey Hope is a 24-year-old West Indian who uses a £250,000 Belgravia mansion as his headquarters. This week he flew back from Geneva with a cheque for nearly £100,000 to support his newly-launched magazine.

He told me "Newspapers do not tell the full story about us blacks. You always say we are deprived, and you ignore the black achievers." Hope left a comprehensive school in South London at 17, and now flies regularly to West Africa to sell electronic equipment.

The glossy new magazine for which Hope has found the finance is called Root. It is aimed at "any black in a job, from an apprentice to a barrister" and after a week its first issue has sold 75 per cent of its 50,000 print run. "Absolutely no politics," says West Indian editor Hal Austin, "but plenty of fashion and entertainment."

Hope is small, bespectacled and will only reluctantly talk about himself. His family came from Guyana. Had he ever thought of going back there? "Guyana is a socialist country and I am not a socialist," he says. When I spoke to him at the Belgrave Place house—owned by a Swiss-based company for which he works—the Root editorial staff, all West Indians, were conferring downstairs about the next issue.

"We have spent about £40,000 on launching costs," says Hope, "including a £10,000 party and fashion show at Regine's." This grandiose gesture was defended by Patrick Berry, the advertising manager: "We wanted to break out of the community image. We hired the leading black models." Proof that the agencies were impressed is the heavy weight of advertising in the first issue.

Hope says that there have already been offers to buy the magazine. But he and his backers have no thought of selling. Root has now opened an office just off Curzon Street, Mayfair.

On his way up—he sold insurance immediately after leaving school—Hope took a job as a chauffeur for Harvey Langer, sales director of a company making hairdressing appliances. Langer told me yesterday: "Godfrey was then 18. After two months, at his suggestion, we went into partnership making custom-built Minis. Then he moved on, but we are still friends. He has great entrepreneurial flair. He is a phenomenon."

Essential reading

They are scratching their heads at the British Institute of Management over an inquiry from the HM Prisons department at Cardiff — it is anxious to lay its hands on the BIM guide called Controlling Absenteeism.

Observer

New ways of consulting the people

MRS. THATCHER once suggested while still in opposition that if there were a confrontation between government and unions, there could be a referendum to allow the people to decide. She could hardly have made a more prescient remark. The use of the *referendum in* democracies has been spreading *fast—almost to the point* where it is out of control.

This week, for example, we have had California—arguably the world's most educated electorate—again voting to limit public expenditure. Two weeks ago there were Catalonia and the Basque country voting on their relationship with the central government. In the big league still to come are Sweden on nuclear power and Quebec on a mandate for negotiations for change in the relationship with the rest of Canada. Switzerland is at it all the time.

There has also been *movement* in the field of industrial relations. British Leyland completed a referendum of a kind last week. This week the *Confederation of British Industry* held its own exercise in participation in the form of its third *annual conference, sometimes* with surprising results. Lest *anyone* should think that the intrusion of people's democracy *in this* area *is entirely* new, it should be remembered that the state of Arkansas held a referendum in 1944 to prohibit union membership as a condition for employment (i.e., the closed shop). It was carried with a 55 per cent yes vote. Clearly, Mrs. Thatcher had more than an inkling of what she was talking about.

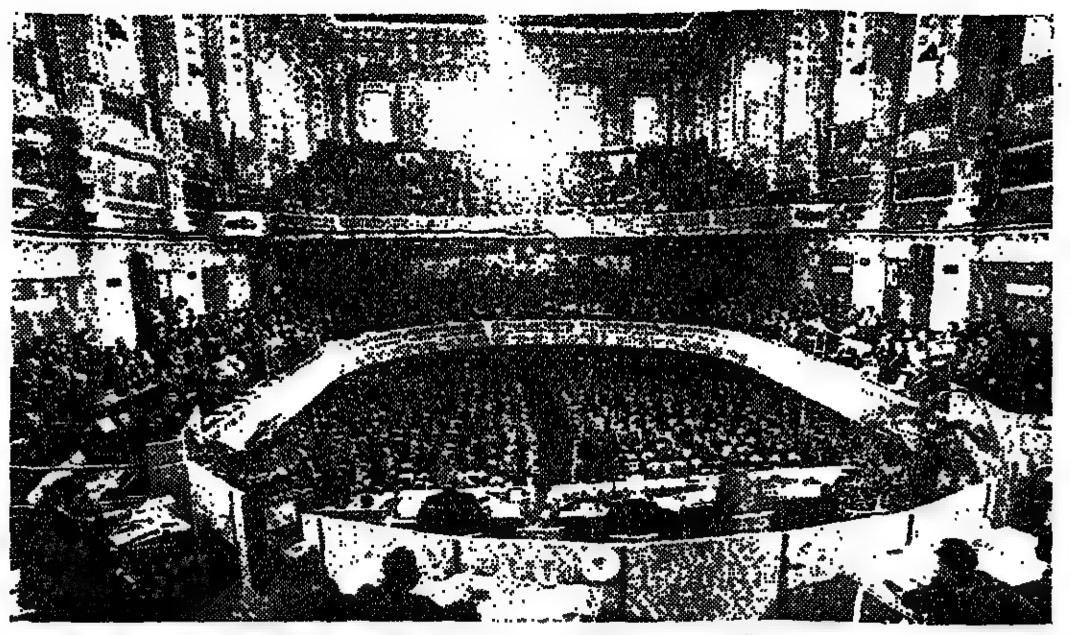
There are no figures for the number of referendums that *have ever been held, though* a new academic industry is *developing to help produce* them. But that the use is increasing there can be no doubt. In the U.S., for instance, the only state that does not make provision for a referendum of some kind is Delaware. In the last few years there have been moves in Congress to establish the *referendum* at the national, as well as the state, level.

Sweden is not a country which made much use of the referendum in the past and it has no direct constitutional provision for it. Yet it has been obliged to fall back on the device because the politicians could not agree on the future of nuclear power.

Much the same might be said of Britain. For many years the use of the referendum *in this* country was confined to such relatively small matters as licensing hours in Wales. It was introduced as a national device when a Labour Government was trying to end its internal divisions about Europe, and perpetuated when the same Labour Government did not know what to do about Scottish nationalism.

The question could arise again at any time and is not peculiar to the Labour Party. It was the Tory Government of Mr. Edward Heath which held a referendum in Northern Ireland *on the relationship with Great* Britain and enacted that a *similar referendum may* be held every 10 years.

Yet if the use *of the referendum* is spreading, there has been rather less concern to develop the rules. It is true that practices differ from country to country. In the American states there is usually strict provision for the circumstances in which a referendum can be held and for the kind it should be, whether mandatory, consultative or whatever. In Switzerland, where the referendum is an essential *part of the political system*, the rules are abundant but not quite comprehensive. *There is no provision*, for example, about the *amount of money that* can be spent in a referendum campaign, and none about disclosure, which is perhaps in keeping with the nature of the Swiss banking system.



The CBI conference in Birmingham Town Hall

By and large, however, the regulations *affecting* referendrums are few and *ad hoc*. The British *referendum on membership* of the European *Community relied on a simple* majority of votes cast. Those on *Scottish* and *Welsh devolution* demanded a yes vote of 40 per cent of the electorate for devolution to go ahead. There is *nothing* to say that next time the rules might not be different again.

It is perhaps appropriate therefore to stop and think *before the referendum process* accelerates still further. It *seems* to me that *certain basic* principles ought to be borne in mind.

The first is that the referendum is one way, but only one way, of making the political processes in a democracy more supple by allowing for greater consultation of the people. *Other* ways include the greater use of opinion polls.

This point is made in a recent Bow Group pamphlet* by Mr. Nigel Forman MP who suggests that governments should regularly commission polls "in order to have an additional quasi-scientific guide to the state of public opinion on difficult issues and, possibly, convincing evidence of the 'general will' which could be used to help counter the *special pleading* of powerful groups or interested parties." *One differs from him* only in his remark that publication *should* be at the *government's* discretion: it should be mandatory.

Yet other ways of consulting public opinion have been steadily developed over the years: public and planning inquiries, for example. Not everyone may have liked the results of the Windscale *inquiry* into nuclear reprocessing, but it has become inconceivable *that such* a major development could go ahead *without* a *public hearing*. The inquiry has become part of *our democracy, and should* be remembered as a way of doing *things before* people start automatically reaching for a referendum.

Similarly, in industrial relations the long debate about *industrial democracy should be* seen as part of the search for *more effective consultations* between governors and governed *or managers* and managed. There does not always have to be a formal ballot.

The second basic principle is that if referendums are to be held, there should be established rules. At present they *can be too easily manipulated.* In Britain two of the most prominent opponents of referendums are Mr. Enoch Powell and Mr. Peter Shore, both of them on the grounds that they diminish parliamentary sovereignty. Yet it is striking that both enthusiastically embraced the referendum on Europe as a last-ditch means of defending their views. There is an element there if not of unscrupulousness, at least of inconsistency.

Again, one might take the case of British Leyland. It is *not at all clear* what the ballot there was meant to prove. On *the one hand*, it was *supposed* to be a defeat for the militant *shop stewards*. On the *other* hand, it gave Sir Michael *Edwardes a powerful weapon to* point at the Government in his *demand for more money*. Can he do it again, and again? Whatever happened to *the Tory* plans to curtail the National *Enterprise Board? There is* an element of manipulation in these ballots that *is slightly* worrying.

There was a perfect, though perhaps innocent, example at the CBI conference this week. The conference itself is an experiment in democracy. The platform is frequently defeated. It was defeated on Monday on the question of import restrictions, surely one of the key economic and political issues of the future: witness, for instance, the way Mr. John Silkin *seemed* to be proposing quotas as official *Labour Party policy* in the House of Commons on Tuesday.

It is not quite true that it was a case of the small companies *defeating* the big. A delegate from ICI also seemed to speak in favour of restrictions, though Sir George Burton of Fisons was against. On the whole, however, the platform, *or, if* you like, the establishment, was squarely *rebuffed* by a *combination* of the footwear, hosiery, knitwear *and textile industries*, and CBI policy will have to take account of the vote.

The CBI, having gone voluntarily into the conference business, is thus now faced with serious problems of procedure. Is it right that major British firms, who employ more people and sometimes make money, should be defeated by the footwear men who so frequently lose it? Can the conference in its present form perhaps be rigged to ensure the passing of a particular resolution? Might it not be rather more democratic to have a block vote in the manner of the trades unions? Should the nationalised industries have the same voting rights as private firms? The CBI is finding that it has to establish rules as it goes along. Democracy is not a simple *affair*.

Buck passing

The third and final basic *principle* about *referendums* seems to me to be as follows: It is that politicians should not shove off on to the people issues on which they have been unable to decide themselves. In that sense the British referendum on Europe was entirely wrong. It was a device concerned with Labour Party politics. There was no popular demand for it, and indeed a great deal of fear that the people would fail to turn out to vote in appropriate numbers. Even with that limited *objective it failed, for the* Labour Party is no more united *on Europe today than it was in* 1975. Referendums do not necessarily solve anything.

In the same way Sweden is wrong about nuclear power. It is utterly unrealistic to expect the people to decide on such a complicated and technical issue when the politicians and their *advisers have been unable to* come to their own conclusions. *That indeed is a surrender of* responsibility.

Yet there is another range of issues, smaller and perhaps more personal, on which referendums or at least new ways of consulting the people may be the right approach. A referendum on conveyancing, for instance, or even an expensive opinion poll, would have come up with quite different results from those of the recent Royal Commission on the law, and who is to say that they would have been the *worse for* that? There are issues which *concern people—health*, transport, local taxes are among *them—on which there is no* particular left or right wing *political view and on which it* seems reasonable that they *should be allowed to decide for* themselves. The politicians *could then get on with affairs* of state.

The *highest turnout in any* American referendum was achieved in Oregon, which is also the state that has held more referendums than any other. The subject was whether dental technicians as well as qualified dentists should be allowed to fit false teeth, there being a remarkable difference in the fee. There was an overwhelming vote in favour. That seems to me a perfect example of where the people should decide. It was a vote against the dentists' lobby to which the politicians had been unprepared *to stand up*.

* *Another Britain. Bow Group. Price £1.50.*

Malcolm Rutherford

Letters to the Editor

A glimpse of ankle

From the Managing Director, IBCA Banking Analysis.

Sir, — Michael Lafferty's single-minded pursuit of the clearing banks for their failure to *distinguish between reserves* and provisions appears to be *reaching an exciting climax*. Monday's copy of the Financial Times carried *headlines* "Bad debt disclosures could be unlawful."

Before the directors of these august institutions are brought to the Bar to receive their sentences, I should like to inject a *word of* caution: the problem with bank disclosure outside the *U.S. is much wider than just* the accounting for loan losses. There seems to me a danger that if too much is made of this one point, the overall picture may be forgotten.

The lack of disclosure in European banks is a profound problem combining both a *failure to provide sufficient data* and inadequate and inconsistent accounting standards. Most crucially there exists among European bankers the quaint attitude that bank depositors are an ignorant and unruly lot, readily driven to bouts of hysterical switching of their funds by the sight of a bank showing a glimpse of ankle in its annual reports.

Although I am glad to see some faint glimmer of improvement, the issue of loan losses is going to be a minor skirmish compared with the battle to come.

Robin Monro-Davies.
2, Wilson Street, EC2.

Clearing banks' reserves

From Messrs. I. Morison and P. Tillett.

Sir, — I suppose we should be flattered to see one of our reports written up at such length by Michael Lafferty on November 5. Alas, we suspect that the prominence he gave it says rather more about his well-known campaign against the *clearing banks'* general *provisions* than about the merits of *our 18-month-old private discussion paper.*

For the record, we were concerned solely with whether the banks' general provisions *should count as* capital for the purpose of assessing the *amounts available for depositor* protection. In saying that they *should, we were doing no more* than agreeing with what the banks themselves and the Bank of England had said publicly in 1975. We never considered the company law aspects of the issue at all.

The use of quotation marks in the headline (Banks "do understate their reserves") implies that we reached such a *conclusion in our report*. We did not. We are also alleged to *have suggested that the banks'* specific bad debt provisions might be "somewhat overstated." In fact, our point was that a conservative approach *which might be legitimate for* accounting purposes might not necessarily be appropriate for a bank's own assessment of its capital strength.

Ian Morison.
Paul Tillett.
Inter-Bank Research Organisation.
32, City Road, EC1.

Social security benefits

From the Director, Child Poverty Action Group

Sir,—You rightly point (Nov. 2) to "a new kind of wishful thinking" in the estimates for social security expenditure next year, which fail to make proper allowance for the predicted *increase in unemployment*. I fear, however, that it is more than *just a case of wishful thinking.*

According to a Parliamentary answer earlier *this year*, an increase of 100,000 in the numbers of unemployed costs about £110m in extra social security benefits. The Government has predicted an increase of 300,000 unemployed by next year. The social security budget allows for an extra £231m which is to meet items such as the Christmas bonus. The most the Government expects to recuperate even if it does catch all its scroungers is £50m odd. The figures simply do not add up, *which must give rise* to the suspicion that substantial cuts in social security benefits are still to be announced.

At the same time, the *contingency* fund for 1980-81 is a mere £750m compared with the *anticipated £1.4bn (at 1978 survey* prices) in the last Public *Expenditure White Paper. The* implications of this are particularly serious for the child benefit scheme, as the Social Services Secretary has made it clear that any increase in child benefit next year would have to be paid out of the contingency fund. If child benefit is not increased next April its real value will have fallen by £1 or 25 per cent by Autumn 1980. An increase of £1 a week in April 1980, *which is the minimum we would* hope for would require roughly *five-sevenths of the contingency* fund. The failure to write into *the social security estimates* an allowance for an increase in child benefit represents the second nail hammered into the coffin of the scheme by this Government. Families with children have already lost out as a result of the refusal to increase child benefit in the Budget. The future for child benefits now looks very bleak indeed.

Ruth Lister.
1, Macklin Street, Drury Lane, WC2.

Dipping into the fund

From the Marketing Director, Lloyd's Life Assurance

Sir,—I read with interest Mr. Glanfield's comments (November 5) concerning self-invested pension arrangements offered by certain insurance companies. I *think it worth noting* that insurance companies are obliged *to pay attention to the Department* of Trade regulations *relating to admissible assets*. Normally, any loan paid to the *client company would have to* be secured on a fixed asset, at a commercial rate of interest. Also, the insurance company actuary, who is responsible for "signing off" the triennial actuarial report, will be aware of the limitations, laid down by the DoT, regarding investments held within each insured pension scheme. If DoT regulations are being adhered to, in addition to any secured loan, the fund is likely to comprise only quoted securities or possibly land or property. We do not share Mr. Glanfield's view that a company actuary will remain oblivious to the investment decisions made.

M. J. Gordon.
Lloyd's Life Assurance,
20 Clifton Street, EC2.

Breach of trust

From Mr. K. Wallace.

Sir, — Stanley Glanfield (*November 5*) rightly draws attention to the practice of "pensioneer" trustees uncritically agreeing to proposals for loans from a self-administered fund back to a contributing controlling director.

Plainly, as he says, there is a strong risk of a withdrawal of Inland Revenue approval to any form of self-investment by a pension fund.

The risks, however, run by pension scheme trustees *engaging in this practice do not end* there. Any trustee (whether "pensioneer" or company-appointed or lay) may be exposed to a charge of improper investment fund on the ground of: untrue proportion of the fund deployed: inappropriate terms of the loan: failure to obtain and consider advice: or inadequate security.

Unlike adverse Inland *Revenue action, which* the trustees may learn of quickly, a possible breach of trust case is a slow burning fuse which may take years to ignite. It will be no defence to a claim by the widow or dependants of a former member of the scheme that the member (or other members) concurred in, and possibly benefited from, the arrangement.

To an indiscriminately assenting insurance *company (or any* other trustee for that matter) I would regard this aspect as carrying a much greater, long term, risk.

K. Wallace.
2, Gray's Inn Square, WC1.

A fair deal in Europe

From the Chairman, Northern Foods

Sir.—There has been a great deal of publicity recently about the United Kingdom's contributions to the EEC. It is now widely recognised that although this country is the third poorest within the EEC, we are expected to be the major contributor to its funds.

Over *two-thirds of the EEC* budget is spent on financing the *common agricultural policy*. Some of us in the food industry have been aware *for a long time* of the major short-comings of *this common agricultural policy*, and it has now got past the point where *it is acceptable* to talk only about reform. If this Government really is determined to get a fair deal in Europe there is really only one way to achieve it.

This country is a very substantial customer of EEC agricultural produce. It is of great importance to European farmers that Britain remains within the EEC. Britain should use this muscle to negotiate a fair deal. The wranglings in Brussels are so tortuous and slow that the only way to ensure a just and quick settlement would be for Britain to give the Commission six months notice to construct a new food policy and get a fair system of contribution to the EEC. If this could not be negotiated in six months then Britain should withdraw *from* the Community.

I am quite confident *that an* act like this would concentrate *the minds in Brussels and a* proper and sensible food policy *would be developed* which would cease to subsidise the *inefficient and small Continental* farmer.

Nicholas Horsley
Beverley House,
St. Stephen's Square, Hull,
East Yorkshire.

Exogenous factor

From Mr. C. Fox

Sir,—*Pace* your leader-writer (*November 1*) I wonder *how* many "managers and workers" —especially workers—regard competitiveness as "a sort of exogenous factor of the economic environment"; and how many would recognise an exogenous *factor if* they saw one lurking on the shop floor.

C. L. Fox.
Heatherbrow,
The Ridges,
Finchampstead,
Berkshire.

Severnside for third international airport

From the Earl of Cork and Orrery, the Earl of Kimberley and Lord Davies of Leek

Sir,—The arguments and discussions concerning the provision of more airport capacity (for passengers) in South East England have now become farcical and show every sign of wandering off into something indistinguishable from lunacy. Could we not all pause for a few minutes and do what rational people normally do when faced with a difficult problem, i.e. ask ourselves (a) what we need, and (b) how to *get it?*

The answer to question (a) is we *need increased airport* capacity, convenient to London and as un-damaging as possible to the ground and the people who live on it. For achieving this there are two basic requirements.—off-shore runways and high-speed travel. The argument for off-shore runways has been won long ago in the case of Maplin. Maplin is ruled out *on other counts, however*, and is not the subject of this letter. The next question, then, is *how* far should a new gateway international airport (for that is what we are advocating) be from London—which is where 85 *per cent of* air passengers arriving in the U.K. at present go?

How many miles is it from Stansted to London, or from *Rome to* Leonardo da Vinci, or Kennedy to New York? As a passenger *do you know* or care —or are you interested only in how long the journey *takes?* Now the time from touchdown at Heathrow to arrival at the West London Air Terminal can easily be well over an hour and a *half—much* of which is spent in walking, waiting for luggage and simply *hanging about*. The journey time from the now barren south coast of Gwent, east of Newport, to London is —not might be, *is*—an hour and twenty minutes.

This, then, on Severnside is where the new airport ought to be. *The M4 motorway and the* high-speed train track already *pass within a mile of the site*, which is available and on which a *two-runway airport could be* fully operational in three to four years (these are construction engineers' estimates), thus making even the Heathrow fourth passenger terminal unnecessary.

The point of the proposal is that now, with advanced passenger-handling techniques and specially designed trains, the travelling time to London —not the miles, remember, but the minutes—is just about right to allow customs and immigration procedures to be carried *out in the train.*

It follows that passengers to London (or equally, *for that* matter, Birmingham) would find their journey, *from touch*-down to terminal, about the same length as now from Heathrow—and less than from any other London airport—and done in comfort, without any hanging about or delay.

We find this a marvellously exciting scheme and are persuaded that, given the necessary imagination and drive, such an airport could be functioning—and be, *incidentally*, the most advanced and efficient airport in the world—*in less time than it* will take to build a new one, or even enlarge one, anywhere else. We further believe that for any government to adopt *some other* solution without having thoroughly investigated the Severnside *project at least* as thoroughly as any of the six now under consideration would be an act of almost criminal negligence. In summary, here is a list of some of the advantages of such an airport: *Low cost*. Early availability (i.e., four years to operational). Safety (i.e., approach and take-off over water, and airport well away from congested skies). Environmental (remoteness *from population*, both shores already heavily industrialised, *minimum loss of agricultural* land). Minimum delay, especially to inbound passengers, at the airport resulting from: (a) Shortest possible taxi-ing distance for aircraft, which (with two runways end to end and regardless of wind direction) would taxi out to or in from the end of the runway nearer to the terminal; (b) Luggage, numbered and palleted at port of embarkation, taken by fork-lift truck direct to trains; (c) Railheads under the terminal, roadheads (motorway link) on the roof; (d) Customs examination carried out "en route" in the train. Nearness to London. (*Nearness, as far as the passenger* is concerned, being *measured in hours, not miles.*) Accessibility (by existing nationwide railway and motorway systems). Will bring thousands of jobs to an area of very high unemployment. Limited migration of labour, and corresponding limited new housing requirements. Generation of industry, *on both sides* of the Severn Estuary. Reduction of pressures of all kinds at Heathrow (which already, incidentally, suffers an under-*employment problem* of some 400-500 jobs). Operational fuel economy on *transatlantic flights*, for which the flight each way is shortened by 100 miles. This applies particularly to Concorde, which can go supersonic from take-off and avoid the costly 100 miles of subsonic flight. *Virtually unlimited* expansibility for both terminal buildings and runways.

Cork and Orrery.
Kimberley,
Davies of Leek.
House of Lords, SW1.

Today's Events

GENERAL

UK: British Steel meets Iron and Steel Trades Confederation, in London, on ending of iron and steel making at Shotton.

Mr. Mark Carlisle, Education Secretary, speaks at Milford-on-Sea, Hants.

Pay talks for farm workers resume.

Mr. David Howell, Energy Secretary, addresses Chester Small Business Bureau.

BP *share offer closes.*

Mr. Angus Maude, Paymaster General, *attends* Leamington Conservative Club centenary dinner.

Prince Charles visits the Prudential Assurance Co., Holborn.

Mr. James Prior, Employment Secretary, speaks to Cambridge *University* Conservative Association.

The Queen visits Exeter.

Sir Peter Gadsden is admitted as *Lord Mayor of London*, Guildhall—Silent ceremony, 3 pm.

Overseas: President Jimmy Carter starts two-day visit to Canada, will address *joint session* of Parliament.

Final day of Swedish royal visit to Austria.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Treasury publishes central Government transactions for *October (including borrowing* requirement).

COMPANY MEETINGS

Bristol Channel Ship Repairers, Channel Dry Dock, Cardiff, 11.30. Campari International, Middlesex Room, Abercorn Rooms, Bishopsgate, EC, 12. Chambers and Fargus, 189/197 Wincolmlee, Hull, 12. Forward Technology, London Press Centre, 76 Shoe Lane, EC, 12. A. Walker, Swan Hotel, Coleshill, Birmingham, 12.

COMPANY RESULTS

Final dividends: Ulster Television, Wolseley-Hughes.

Strike-hit Staveley falls £4m at halfway

MAINLY reflecting the impact of the engineering strike, first half 1979-1980 profits before tax of Staveley Industries are *much worse than expected, showing* a drop from £5.43m to £1.53m.

In the absence of further disruption, forecasts indicate recovery in the second half. But for the year as a whole profits will be materially below the £11.25m reported for 1978-79.

The interim dividend is being held at 4.5p and the present intention is to recommend a final of not less than the 7.5p paid last year.

Sir Harry Moore, chairman, points out that at the AGM he warned that interim results were likely to be well down mainly due to the difficult trading conditions in the foundry products and abrasives group.

He reports that in addition to this the engineering strike *completely disrupted operations* in a number of divisions in August and even more so in September. And even in operations which were working normally problems with suppliers and customers, themselves directly affected by the strike, created *significant* damage.

The *chairman* explains that because of the continuous character of the operations of the foundry products and abrasives group this sector was particularly badly affected; and the strikes also had a very serious effect on two machine tool companies.

Unconnected with the strike, the group is also experiencing problems with a Middle East contract and provisions against possible losses have been made at this stage.

	First half 1979-80 £000	1978-79 £000
Sales	82,111	69,695
Trading profit	2,748	5,886
Interest charges	1,218	458
Profit before tax	1,530	5,428
Taxation	306	1,411
Net profit	1,224	4,017
Minorities	371	281
Net balance	853	3,736

Sir Harry reports that the Canadian companies are still working to produce acceptable results, and the U.S. acquisitions are performing very well. The *mineral products group again* made an excellent contribution to profits.

The chairman warns that the setback has further undermined the viability of a few of the group's operations. This has already *led to* some retrenchment and further redundancies *in some areas seems unavoidable.* However, most of the group's operations are in good shape, *with considerable prospects for growth.*

Sir Harry plans to retire from the chair at the end of the year. *He will be succeeded by Dr. A.* Frankel, the present deputy.

● comment

With *interim* trading profits halved, Staveley Industries now faces more of the surgery that set it on the road to health ten *years ago. The engineering dispute* has clearly made substantial *inroads* into profit and turnover, but even without the strike performance would have been held back by the foundry and parts of the machine tools operations. In fact the 75 per cent holding in British Salt, together with the limestone interests, accounted for the bulk of the profit *that remained. Signs are not* too promising for the current half, as the closure of the big Darlaston pig iron plant and cuts in the machine tools division will no doubt be expensive. However, one key benefit will be a fall in working capital; with interest charges up from £460,000 *at £1.2m in the first half*, this is clearly essential. After falling 30p from 188p, the shares later recovered to 175p, where they yield 10 per cent.

Terry Kirk

Sir Harry Moore, chairman of Staveley Industries . . . some second-half recovery forecast.

Wm. Leech rises £0.4m so far

ON TURNOVER £4.5m higher at £19.71m, pre-tax profits of William Leech (Builders), the house-building and development group, increased *from* £1.05m to £1.48m in the half-year to August 31, 1979.

The directors say the current shortage of home loans is bound *to effect the group* in the year to next February. But they hope *this problem will be under control* by the time the accounts for the 18 months to August 1980 are reported.

The net interim dividend is raised from 3p to 3.3p—last year a total of 6.64p was paid from profits of £2.34m (£2.2m). After tax of £212,000 (£222,000), stated earnings per 20p share are up from 6.53p to 8.46p.

A proposal to change the company's name to William Leech will be put to an extraordinary general meeting in January.

● comment

Whatever the uncertainties on the mortgage horizon profits from Leech should remain on an upward trend in the remaining 12 months of the financial year, if only because the previous £752,000 loss on local authority building will be mostly eliminated. Recent conditions in the *housebuilding market have been* remarkably buoyant, and despite *icy conditions which persisted* into the spring and trimmed budgeted completions by some 200 units, interim profits improved by around 40 per cent. Rental income is expected to top £400,000 this year against *£241,000* and, over the longer term, the nascent leisure division can be expected to make a useful contribution. But, after the White Paper, the local authority market is set to weaken further and it is difficult to escape the *conclusion* that the housebuilding cycle has now peaked. Nevertheless, profits should reach at least £3m on an annualised basis for a fully taxed p/e of 8.4 and if the total dividend is lifted by a tenth the shares offer a prospective yield of 12.6 per cent at 84p. That looks about *right for the* moment but there is no case for *buying* at these levels until the building society movement is allowed to take some very difficult decisions.

Second half pick-up at Higsons Brewery

AFTER the sharp drop at midway from £665,718 to £141,523 Liverpool-based Higsons Brewery recovered in the second half and pre-tax profits at the end of the year to September 30, 1979, amounted to £1.39m compared with £1.66m *previously*.

Tax takes £581,000 (£856,000) *giving earnings per share of* 8p against 7.98p. The final dividend is 2.35p, lifting the year's total from 2.5p to 2.75p.

The first-half downturn was mainly due to a strike. In their interim report, the directors said the year's profit would obviously be affected by the interim result but given *normal* weather and freedom from industrial disputes, *the second half should produce* satisfactory results.

Turnover for the year amounted to £20.76m against £19.78m. Trading profit was £1.35m (£1.61m)

SSAP 15 has been adopted and has resulted in the release of £1.33m deferred tax to reserves and in the lower tax charge this year. *Profits* or losses on sales of fixed assets and investment, previously shown in the profit and loss account, are now taken to reserves — profits net of tax this year were £49,979 (£18,441).

During the year certain fixed assets were revalued producing a surplus over book value of £2.45m

SIME DARBY LONDON

Sime Darby London is to repay the whole of its outstanding 5.25 per cent (formerly 7½ per cent) cumulative redeemable preference shares at 97p each, plus the accrued dividend from July 1 to November 15, 1979, inclusive.

Brent Walker 87% up at interim stage

RESULTS of Brent Walker, leisure group, for the 28 weeks to July 15, 1979 show the confi*dence expressed by the directors* at the end of the last full year to be well founded; pre-tax profits forged ahead by 87 per cent from £193,273 to £360,617 despite higher interest of £389,537 against £134,060.

Turnover showed healthy growth in real terms, sales rising £2.2m to £6.1m, and Mr. George Walker, managing director, fore*casts a satisfactory outcome to* the full year.

Before an extraordinary credit of £211,868, arising from property sales, earnings per 5p share improved from 2.76p to 3.92p but the interim dividend remains unchanged at 0.35p net. Last year's total payment was 1.38217p *from profits of £652,000.*

During the 28 weeks there was further investment in the Westcliff Leisure Centre and Country Club to improve and update the facilities. This reflects the growing success of these activities and their increasing contribution to group results, says Mr. Walker.

The film "The Bitch" was completed and released, and current *experience indicates that it* will be successful, adding to the profits of the film division which has enjoyed a successful phase of development.

The period also saw the start of a new trading activity, the audio visual division. This comprises Camera Effects, the company acquired in June 1979 whose business is the creation *of special effects on film, and* Brent Walker video Corporation which will secure a foothold in the Videogram market by distribution of video cassettes.

While all operations performed well, the results of the El Salam Hotel at Cairo exceeded both management budgets and expectations. In order to maintain its *10 per cent stake in the Hotel* owning company, the group subscribed an additional U.S.$300,000 [illegible] in capitalisation.

Further development activities over the six months have been concentrated on the proposed London Hotel, a potential marina *development in the South East* and a number of longer term projects which could widen the group's leisure base still further.

● comment

Brent Walker is spread right *across the "leisure industry"* from hotels and shopping pre*cincts to cinema financing* and distribution. The company seems to be doing well in each of these areas—pre-tax profits at the half-time stage are up nearly 87 per cent, following the 83 per cent leap for last year. The new hotel in Cairo has put in a first-time six-month contribution of about *£60,000 and the film side of the* business is also coming through. *But the group's interest charges* have nearly tripled, largely because of the borrowing needed to finance the making of "The Bitch." On the gravy side of things, the sale of a factory in Hackney has added an extraordinary credit of £211,868. In view of the company's strong *performance, it is surprising that* the interim dividend has just been *maintained* at 0.35p. The group says it needs to conserve money for future investment, but the cost of this dividend is only £25,000. If the final is also maintained, the yield would be a mere 2.5 per cent at 80p, down 8p.

Milletts slips midyear in face of VAT rise

WITH TRADING depressed by the substantial VAT increase in the six weeks before half time, pre-tax profits of Milletts Leisure Shops fell from £656,000 to £595,000 for the half-year to July 30, 1979. Last year's result, however, included a £115,000 surplus on the disposal of properties.

Turnover of the group, which was made public last December, rose by 16.4 per cent from £5.5m to £6.4m.

Mr. Alan Millett, the chairman, *reports that trading for the first* two months of the second half continued to be disappointing, but has since improved, partly as a result of the tax rebates, while the important Christmas trading period is still to come.

As stated in December's prospectus, it is intended to pay interim and final dividends in November and July respectively. *An interim of 2.95p net is to be* paid on earnings of 9.6p (12.3p) *per 20p share—last year, a final* of 3.317p was paid from profit of £1.26m.

Trading surplus for the six months was up £102,000 to £806,000 for the half-year, before depreciation of £140,000 (£112,000), interest of £71,000 (£48,000) and the surplus last time on property disposals.

With SSAP 15 applied, tax took £98,000 *(£107,000). The interim* dividend absorbs £104,000, with the chairman and his wife waiving their entitlements to the extent of £49,237.

As well as continuing with the planned programme of shop resiting and modernisation, the company opened new shops during the current year in Stratford-upon-Avon, Sunderland and *Windsor*.

In addition, the company exchanged contracts to purchase a group of seven shops, located *primarily in the West Country*, where at present it is not strongly represented. *The cost of these* acquisitions, when completed, will total some £275,000.

● comment

The depression in consumer spending this summer after the VAT hike shows up all too well in the latest Milletts figures. Trading profits are only 9 per cent higher on a sales rise of 16 per cent, though anyone looking for Milletts to come close to the *comparable pre-tax figure*, which it bolstered by including profits *on property disposals*, has been sorely disappointed. The shares shed 10p yesterday to 154p on news of the figures. Volume slid away towards the end of the half-year and the start to the final six months has obviously been depressed. Physical expansion has not been as great as the *directors had hoped, but the company* is trying to trade up in its range to improve overall margins. Nevertheless for the year pre-tax profits could come out in excess of last year's £1¼m, which points to a fully taxed p/e of under 13 and yield of perhaps about 7 per cent—not an enticing rating.

HIGHLIGHTS

Lex *examines* the details of BATS' deal with Imperial Tobacco whereby the former will buy out Imps' stake in Mardon Packaging *for* £88m., and takes advantage of the transaction to update its thoughts on the Howard Johnson deal. Other news *on the* bid front includes the document on the LASMO/Oil Exploration get-together. On the international scene Lex *comments on* the Rhone Poulenc rights issue, which in sterling terms amounts to a near £50m cash call. Nearer home *Anglia, Hastings* and Thanet Building Society have chalked up a first by raising £20m on the money market, Lex comments. *On the inside pages* the figures from Staveley, London Midland Industrials, William Leach, Milletts Leisure, *Portsmouth* and Sunderland Newspapers and Brent Walker come in for comment.

Ansbacher rises to £0.4m at midway

A jump in operating profits was announced by Henry Ansbacher Holdings in its first *interim* report for the new holding company.

Operating profit for the six months to September 30, 1979, rose from £144,000 to £405,000, and after tax of £57,000 (£30,000) the net surplus came through at £348,000, against £114,000. Stated earnings per 5p share rose *from* 0.2p to 0.35p.

The new holding company was formed out of a capital reconstruction of the City merchant banking concern Fraser Ansbacher. The reconstruction, announced on May 31, 1979, *has* been completed.

The directors say that in the first half the traditional merchant banking *activities* of Henry Ansbacher and Co. have continued to expand and all departments as well as its Channel Islands subsidiary have contributed *to the profits* improvement.

High interest rates and the bank's ample liquidity have been beneficial.

The board adds that the economic climate in the second half may well be less favourable but they look to the future with *confidence. The policy of steady* expansion will be continued.

The directors state that the company expects to pay a dividend for the current year.

At midway the attributable profit advanced from £93,000 to £302,000 after minorities of £4,000 (£3,000) and extraordinary debits of £42,000, compared with £18,000. The latest debit was made up *of* £88,000 capital reconstruction costs and £46,000 credit from "other items."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allnatt London	int.	0.5	Jan. 2	0.5*	—	3.23*
Aquascutum	int.	0.75	Jan. 7	0.59	—	1.7
Brent Walker	int.	0.35	Dec. 17	0.35	—	1.38
British-Borneo Pet.	int.	11¶	Dec. 14	2.51	—	7.53
British Investment	int.	3.85**	Dec. 17	2.45	—	5.7
Cater Ryder	int.	4.29	Jan. 3	4.1	—	18.9
Drayton Consolidated		4	Dec. 21	3.2	6	5.2
Electra Invest.	int.	2.5‡	Jan. 31	2	—§	5.8
Fundinvest		1.95	Nov. 30	1.65	3.15	2.69
GR (Hldgs.)		5	Jan. 23	4.05*	6.4	5.3*
Higsons Brewery		2.35	—	2.1	2.75	2.5
Jenks and Cattell		2.7	Jan. 11	0.75	4	1.3
W. Leech	int.	3.3	Dec. 28	3	—	6.64
LMI	int.	2.9†	Jan. 22	2.65	—	7.78‖
Milletts Leisure	int.	2.95	Nov. 30	—	—	3.32
Philip Hill Tst.	int.	1.6	Dec. 31	1.38*	—	4.58*
Portsmth & Sundrld	int.	1	Dec. 18	0.8*	—	[illegible]
Progrssve Secs. Tst.	int.	1.25	Jan. 2	1.05	—	[illegible]
H. C. Slingsby	int.	0.8	Dec. 28	0.6	—	2.4
Staveley Inds.	int.	4.5	Jan. 2	4.5	—	12
Tricoville		1.53	—	1.09*	2.2	1.78*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus special interim of 0.5p in respect of special dividends received. § At least maintained final of 3.8p expected. ¶ Includes special 7.25p dividend. ‖ Included 1p special payment. ** Includes 0.85p special payment.

هكذا من الأصل

LMI sales and profits increase in first half

DESPITE THE disruption caused by the engineering strike, pre-tax profits of London and Midland Industrials rose from £1m to £1.15m in the half year ended September 30, 1979. Sales were higher at £11.04m against £10.32m.

Group operations continue to expand and, subject to industrial conditions, directors continue to foresee most satisfactory results for the current year in a greatly expanded group.

Following the amalgamation of Winn Industries last month, in addition to the net cash position, the group has ample additional facilities including a 10-year bank loan on excellent terms which can be taken up whenever it appears expedient, the directors state.

Stated earnings per share are up from an adjusted 6.1p to 6.3p and the interim dividend is raised from 2.65p to 2.9p on increased capital. Last year's total was 7.75p from pre-tax profits of £2.13m.

Following the rights issue and the exceptional profits achieved last year, the balance sheet at September 30 with its significant cash balance has strengthened further with retentions from the profits of the current year, the board says.

The acquisition of Winn Industries marks a major expansion of the industrial base and size of operations and the directors look forward with confidence to the benefits which will come from the strength of the increased product range.

The main strengths of Winn are in high technology precision engineering, prefabricated industrial building, garages and home improvements.

To assist in the integration and continuing management of the combined group, Mr. C. A. Kyme, chairman and chief executive of Winn Industries, has been appointed to the LMI board.

	Half year 1979	1978
Engineering sales	6,930	7,022
Consumer prods.	4,111	3,299
Total sales	11,041	10,321
Profit before tax	1,154	1,004
Tax*	545	464
Net profit	608	540
Extraord. credits	2	4
Pref. dividend	9	9
Ordinary interim	280	252
Retained	321	283

* Does not include £54,000 (£55,000) in respect of tax deferred and not payable in the foreseeable future.

● **comment**

Shares in LMI bumped down 1p to a new annual low yesterday, 88p—a plight not uncommon in the sector at present—but the group appears to have come through the engineering dispute tolerably unscathed. Overall halftime profits expanded by 15 per cent and, although the engineering contribution was also affected by reorganisation costs at Doran, the momentum was maintained by a 25 per cent improvement from consumer products and the day cannot be too far off when the weighting from each division is roughly in balance. The acquisition of Winn Industries enlarges the group significantly and, like LMI, it straddles the engineering and consumer product sectors. Expectations are obviously clouded by the prospects in the engineering sector but, taking the last 12 months' profits reported by both companies, the fully diluted and taxed p/e is 7.2 historical. That, like a yield of 12.5 per cent (assuming a total dividend rise of a tenth), looks reasonably in line with the industry but possibly overlooks the fact that the combined group has net cash balances in excess of £1m and important growing interests in rather more buoyant areas.

Philip Hill higher

GROSS REVENUE of Philip Hill Investment Trust increased from £4.53m to £5.64m in the half-year to September 30, 1979. Net earnings rose from £2.41m to £3.2m, after charges of £2.44m, against £2.12m, which include tax, interest and expenses.

The net interim dividend is effectively raised from 1.375p to 1.6p — last year's total was equivalent to 4.575p. Earnings per 25p share are given higher at 3.32p (2.51p).

Net asset value per share improved from 127.7p to 132.1p.

Allnatt London reaches £2.3m

TAXABLE PROFITS of Allnatt London Properties improved from £1,960,300 to £2,325,500 for half-year ended September 30, 1979.

But in view of the incidence of rent reviews and variable rates of interest receivable, the directors explain that the figures are not necessarily indicative of the full year's results.

Profits in the previous full year rose from £3,466,412 to £4,342,682.

Tax for the half-year took £1.12m against £0.94m, giving net profits up from £1.02m to £1.21m. The interim dividend is effectively held at 0.5p net—the previous total was an equivalent 3.225p.

The six months' pre-tax result was struck after management expenses of £37,500 (£28,500), depreciation and amortisation of £95,500 (£103,300) and interest little changed at £664,000, compared with £667,300.

H. C. Slingsby near £100,000

With sales ahead at £2.07m, against £1.82m, pre-tax profits of H. C. Slingsby, truck and ladder manufacturer, improved from £72,998 to £96,423 for the first half of 1979.

Earnings per 25p share rose from 8.18p to 9.54p and the interim dividend is kept at 0.6p net—last year's total was 2.4p on profits of £194,673.

There is no tax charge for the half-year, compared with £26,134 last time. After minority profits of £988 (£14,957 losses), the attributable surplus emerged up from £61,821 to £95,435.

Activities of the Belgian subsidiary have been discontinued since August 31, 1979, and interim figures exclude terminal costs expected to be about £25,000, which will be charged in the annual accounts as an extraordinary item.

Electra exceeds £2.5m

FOR THE half-year ended September 30, 1979, gross revenue of the Electra Investment Trust improved from £2.63m to £3m. Pre-tax revenue was higher at £2.57m compared with £2.3m in the same period last year.

The interim dividend is being raised from 2p to 2.5p and the directors expect at least to maintain the final dividend at 3.8p. A special interim payment of 0.5p is also being declared in respect of special dividends received.

Portsmouth & Sunderland CCA profit up to £1.4m

ON A CCA basis profits, before tax, of Portsmouth and Sunderland Newspapers showed a rise from £1.07m to £1.39m in the half year ended September 29, 1979. Using the historical method the increase would have been from £1.29m to £1.83m.

Turnover is ahead from £6.98m to £8.78m. The CCA profit is subject to tax of £925,000 (£667,000), after which earnings per 25p share are stated to be up from 3.3p to 3.8p.

The interim dividend is effectively raised from 0.6013p to 1.0p—the total for 1978-79 was equal to 2.79p paid from record historical pre-tax profits of £2.88m.

● **comment**

It seems to be a good year for provincial newspapers: the results of several groups recently have indicated that advertising volume and rates are up. Portsmouth and Sunderland Newspapers, which has shown steady growth in the last four years, has come through with a healthy 41 per cent pre-tax profits rise and an interim dividend hike of two-thirds. Higher cover prices, increased advertising rates and the benefits of the dollar-priced newsprint arrangement have all contributed to the group's solid showing. If the business is not significantly affected by any possible recessionary pressure, then a full year figure of £3m or more seems probable, suggesting a p/e at 6.4 on a full tax charge, based on 77p, up 2p.

Jenks and Cattell improves

IN LINE with the directors' midway forecast, taxable profits of Jenks and Cattell improved to £317,000 in the year ended July 31, 1979, against £240,000 last time. Sales for the period went ahead from £7.42m to £9.06m.

While he is not pleased with the results, Mr. Arthur Chamberlain, chairman, says that the money and time spent over the last few years in updating plant, methods and management techniques have paid off.

The poor winter followed by a very late spring played havoc with the sale of garden tools, he states. The transport strike and persistent unrest in the car industry did little to create an ebullient atmosphere for the metal pressings side, and demand for the group's washers, and fasteners was not improved by a continuing depression in the building and engineering industries.

As anticipated, the final dividend is raised to 2.7p (0.75329p), making 4p—total last time was 1.29779p.

The surplus is struck after higher interest of £172,000 (£98,000) — there was an exceptional debit last time of £13,000. Tax takes £72,0000 (£23,000) and there is an extraordinary debit of £64,000 (nil).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ambrose Investment Trust, Futura Holdings, Gieves, A. Goldberg, Nineteen Twenty-Eight Investment Trust, Wire and Plastic Products.

Finals—Ulster Television, Wolseley-Hughes.

FUTURE DATES

Interims—	
Allied Leather Industries	Nov. 21
Brunning	Nov. 21
Control Securities	Nov. 13
Courtaulds	Nov. 22
Cropper (James)	Dec. 14
Davis (Godfrey)	Nov. 14
GEI	Nov. 13
Latham (James)	Dec. 11
London and Lennox Inv. Tst.	Nov. 14
Marlborough Property	Dec. 3
Norwest Holst	Nov. 12
Pilkington	Dec. 5
Rothschild Investment Trust	Nov. 12
Westbrick Products	Nov. 28
Finals—	
Atlanta Baltimore and Chicago Regional Investment Trust	Nov. 15
Town Centre Securities	Nov. 16

Lonrho plea to halt aid for Tanzania

Lonrho, the overseas trading company, is urging the British Government and the World Bank to halt aid to Tanzania until it receives full compensation for the assets seized there last year.

Sir George Bolton, the deputy chairman of Lonrho, has written to the World Bank asking for its full co-operation in denying further aid to the country.

Another director, Mr. Edward Du Cann, the Conservative MP, has sent a letter to Mr. Neil Marten, Minister of State at the Foreign Office, stating his belief that Tanzania intends to delay payment of compensation as long as possible. He said he was amazed that Britain continued to provide the country with aid.

Sir George's letter puts the size of the cash balances seized by the Tanzanian Government at £6.3m, with assets of £27m. Copies of both letters have been sent to President Nyerere of Tanazania. He said yesterday that his Government had acted against Lonrho because it allegedly supported the Rhodesian Government while trying to disrupt the Patriotic Front guerrilla organisation.

SENTINEL

The Sentinel Insurance Company is poised to exploit its strong financial position by embarking on a substantial but controlled expansion programme, said Mr. Charles Ettinger, chairman, at the annual meeting.

The company had reviewed its premium rates and would be announcing substantial improvements for whole life and temporary assurances, he added.

Aquascutum margins hit

TURNOVER OF Aquascutum and Associated Companies increased from £9.12m to £9.89m in the half year ended July 31, 1979, but pre-tax profits were down slightly from £686,000 to £624,000.

The interim dividend is stepped up from 0.686p to 0.75p and the directors say the increase demonstrates their confidence in the on-going strength of the group's activities. This is despite the strain on margins brought about by high interest rates, the rise in VAT and the reduction in tourist spending in London.

Apart from these conditions, which they say may have a similar effect in the second half, there continues to be a good demand for the group's products in all major markets.

Last year, the group reported pre-tax profits of £2.11m and paid a total dividend of 1.7p.

HOLLIS (HULL)

The joinery department of Hollis (Hull), a subsidiary of Hollis Brothers itself a subsidiary of Hollis-ESA, has lost £117,00 so far in the current financial year.

Yesterday's edition incorrectly put the loss at £250,000. This was the projected loss for the full year, which led to the company's proposals to close the department.

Progressive Secs. higher

REVENUE BEFORE tax of Progressive Securities Investment Trust increased from £64,848 to £80,446 for the six months ended September 30, 1979.

Gross revenue rose by £17,123 to £92,363, while after-tax earnings per 50p share advanced from 1.8p to 2.22p. The interim dividend is lifted to 1.25p (1.05p) net—payments totalled 3.19p in 1978-79 on pre-tax revenue of £127,604.

Tax for the period took £30,596 (£24,504) and net revenue came out at £49,850, against £40,344. The interim costs £28,034.

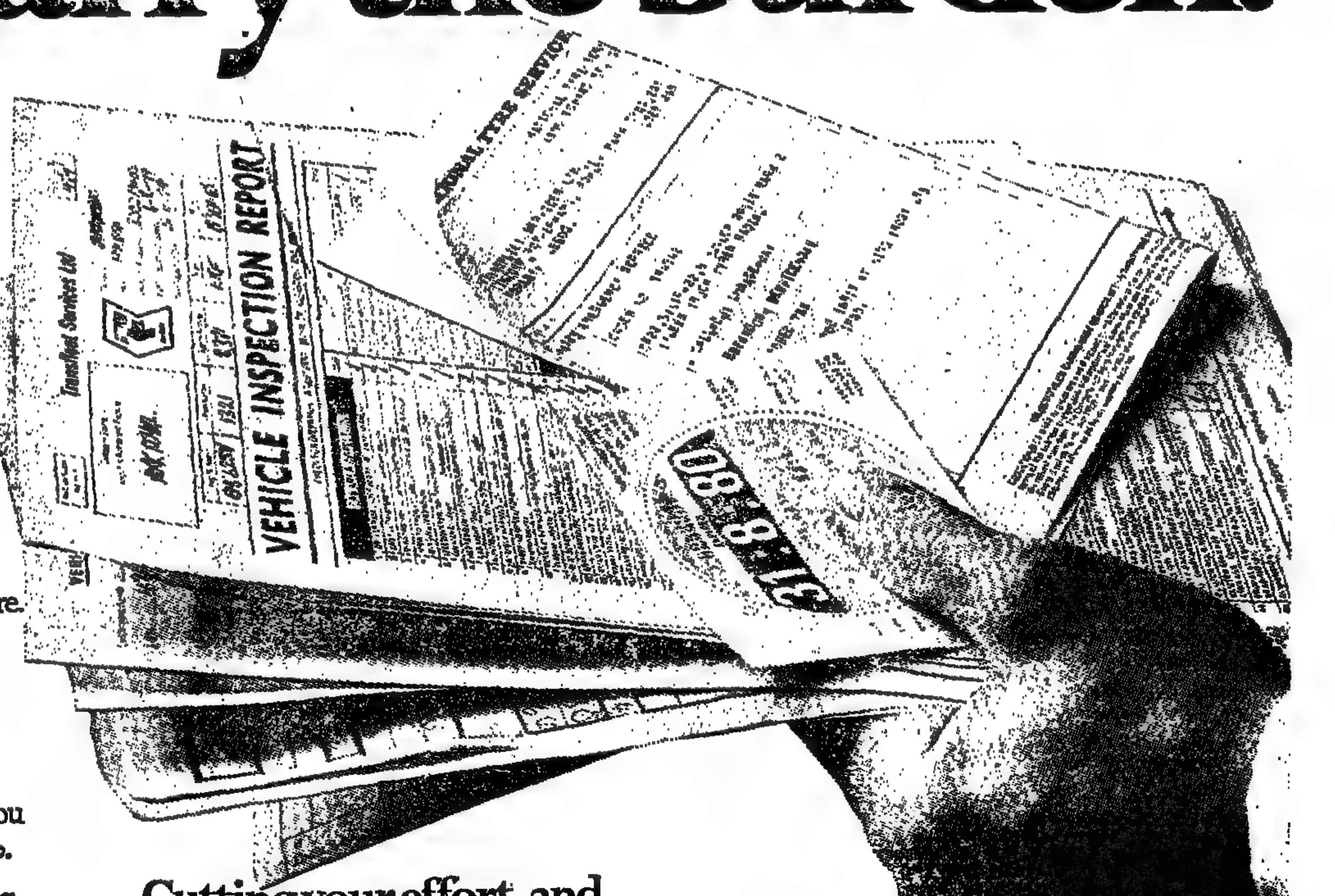
At September 30, 1979, net assets stood at 94p per share, compared with 95.5p a year earlier.

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	15 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E. T. Trust Limited	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %

■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12¼% and over £25,000 12½%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.



BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

CONSOLIDATED PROFIT AND ORDINARY DIVIDEND

The audited consolidated results for the year ended 30 September 1979 are:

	1979 £000's	1978 £000's	% Increase
Turnover	1,339,333	952,472	41
Group Operating Profit	170,196	112,237	52
Income from investments	14,507	11,921	
Profit on sale of shares less amounts written off	429	1,376	
Group profit before taxation	185,132	125,534	47
Taxation	66,969	46,812	43
Group profit after taxation	118,163	78,722	50
Attributable to:			
Outside shareholders in subsidiaries	36,976	22,978	61
6% preference shareholders in Barlow Rand Ltd.	26	26	
ordinary shareholders in Barlow Rand Ltd.	81,161	55,718	46
Non trading items	−819	510	
Earnings of ordinary shareholders after non-trading items	80,342	56,228	
Dividends paid and declared:			
Preferred ordinary	2,716	569	
Ordinary	23,745	18,147	
	26,461	18,716	
Dividend cover—preferred ordinary and ordinary shares	3.1	3.0	
Number of preferred ordinary and ordinary shares upon which earnings per share is based (000's)	116,641	107,253	
Earnings per share	69.56p	51.96p	34
Dividends per ordinary share	22.29p	17.59p	27
Dividends per preferred ordinary share	22.29p	21.11p	

NOTE: The Rand has been converted to Sterling at R1=£0.5865 and this rate of exchange has also been used for comparative figures.

A preferred ordinary dividend No. 4 of 2.0 cents per share has been declared to preferred ordinary shareholders registered at the close of business on 23 November 1979 and a formal notice to this effect appears below.

A final ordinary dividend of 26.0 cents per share has been declared. This dividend *with the interim ordinary dividend of 12.0 cents per share makes a total distribution of* 38.0 cents for the year (1978: 30.0). The final ordinary dividend is payable to *shareholders registered* at the close of business on 23 November 1979 and a formal notice to this effect appears below.

The annual financial statements will be mailed to shareholders on or about 29 November 1979.

A. M. ROSHOLT, *Executive Chairman* G. W. DUNNINGHAM, *Vice-Chairman*

Sandton
8 November 1979

ORDINARY DIVIDEND NO. 100

Notice is hereby given that an ordinary dividend of 26.0 cents per share has been declared payable to shareholders registered in the ordinary share register of the company at the close of business on 23 November 1979. This dividend, together with the ordinary *dividend* which was declared on 11 May 1979, makes a total distribution in respect of the financial year ended 30 September 1979 of 38.0 cents per ordinary share (1978: 30.0).

The transfer books and registers of ordinary shareholders of the company in South Africa and the United Kingdom will be closed from 24 November 1979 to 30 November 1979, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted on or about 18 January 1980 to shareholders at their addresses or in accordance with their written instructions received up to and including 23 November 1979.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of dividends from the United Kingdom Registrar will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 4 January 1980.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) persons other than companies, *not ordinarily resident nor carrying on business* in the Republic of South Africa; and

(b) companies which are not South African *companies.*

The company will accordingly deduct the tax from dividends payable to ordinary shareholders whose addresses in the share register are outside the Republic of South Africa at the rate of 13.46115 per cent.

By Order of the Board
W. C. WARRINER, *Secretary*

Sandton
8 November 1979

Registered Office:	*Transfer Secretaries:*	*United Kingdom Registrar:*
Barlow Park	Rand Registrars Limited	Lloyds Bank Limited
Katherine Street	2nd Floor, Devonshire House	*Registrar's Department*
Sandton	49 Jorissen Street	The Causeway
2196 — *South Africa*	*Braamfontein*	*Goring-by-Sea*
(P.O. Box 78-2248	2001 — South Africa	Worthing
Sandton	*(P.O. Box 31719*	*West Sussex BN12 6DA*
2146 — South Africa)	Braamfontein	England
	2017 — *South Africa)*	

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

CIRCULAR TO SHAREHOLDERS RELATIVE TO THE CONVERSION OF THE COMPANY'S PREFERRED ORDINARY SHARES INTO ORDINARY SHARES

On 8 November 1979 the company declared a final ordinary dividend No. 100 of 26.0 cents *per share resulting in total ordinary dividends for the year of 38.0 cents per share.*

Simultaneously with the above dividend declaration, an additional preferred ordinary *dividend No. 4 of 2.0 cents per share was declared. This dividend, together with preferred* ordinary dividends Nos. 2 and 3 which were declared during the year, results in total *preferred ordinary dividends for the year of 38.0 cents per share.*

As a result of the aforegoing, and in accordance with the special rights and conditions *of the preferred ordinary shares, the company's auditors have certified that those special* rights ceased to be of any force or effect from 1 October 1979. The preferred ordinary shares will accordingly *become ordinary shares.*

NOTICE IS HEREBY GIVEN that the 12,191,634 preferred ordinary shares of 10 cents each will become ordinary shares of 10 cents each after the close of business on 7 December 1979 and which will rank pari passu with the fully paid ordinary shares already allotted by the company with effect from 1 October 1979, except that they are not entitled to participate in or to receive the company's final ordinary dividend No. 100 of 26.0 cents per share which was declared on 8 November 1979.

Those 12,191,634 additional ordinary shares will be listed and quoted on the The Johannesburg Stock Exchange, The Stock Exchange, London, The Zimbabwe Rhodesia Stock Exchange and the Bourses in Paris, Brussels and Antwerp from the opening of business on 10 December 1979. The listing and quotation of the preferred ordinary shares on those Stock Exchanges will terminate as from the close of business on 7 December 1979.

Preferred ordinary share certificates, certified deeds and other temporary documents of title relating to preferred ordinary shares will be good delivery as ordinary shares as from the opening of business on 10 December 1979 and therefore need not necessarily be surrendered to the company's Transfer Secretaries or United Kingdom Registrar in *exchange for ordinary share certificates. Preferred ordinary share certificates accompanied* by a share transfer form designating the shares either as ordinary or preferred ordinary shares will be accepted by the company's Transfer Secretaries and United Kingdom Registrar after 7 December 1979 and will be replaced in the normal manner by share certificates for ordinary shares. Any shareholder wishing to surrender preferred ordinary share certificates should do so after 7 December 1979. New ordinary share certificates will be available for collection or will be despatched by registered mail not later than 14 days from the date of surrender.

Sandton
8 November 1979

By Order of the Board
W. C. Warriner, *Secretary*

Registered Office:	*Transfer Secretaries:*	*United Kingdom Registrar:*
Barlow Park	Rand Registrars Limited	Lloyds Bank Limited
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2146 — South Africa)	Braamfontein	England
	2017 — South Africa)	

MINING NEWS

RTZ Rhodesia profits jump

BY KENNETH MARSTON, MINING EDITOR

WHEN Rhodesian sanctions are *finally lifted* a mining issue which could attract London interest is Rio Tinto (Rhodesia). Thanks to higher prices for its gold, nickel and copper, the group has raised nine-month earnings by 70 per cent to Rh$2.6m (£1.8m), reports our Salisbury correspondent.

The interim dividend is being raised by two cents to five cents, but the group says that it is *unlikely* that the year's total will exceed the already forecast 12 cents *because* of the need to strengthen finances.

The major factor in the higher profits was the strong price of gold, but this was partly *offset* by lower production of emeralds caused by the restriction of exploration activities in the vicinity of the Sandawana emerald mine where there has been nationalist guerilla action.

The group's Empress Nickel subsidiary has lifted its nine-month profit by 106 per cent to Rh$1.8m and should have a buoyant fourth quarter after the initial problems at the new pre*cious metals* treatment plant.

These teething troubles delayed *the first production of saleable* concentrates, but they are now expected to make a *useful* contribution to earnings in the current quarter. Empress has fore*cast a 32 cents dividend total* for this year and the shares are currently around 325 cents *in* Zimbabwe-Rhodesia.

Meanwhile, Mr. Walker, the acting Mines Minister for Zimbabwe - Rhodesia, forecast yesterday that the country's mineral output for this year would reach a record value of Rh$300m and the figure would increase to Rh$330m in 1980

Tin outputs

A GOOD start to its current financial year has been made by *the Eastern tin-producers Gopeng* with an October production of 186½ tonnes of tin concentrates; the previous 12 months' total was 1,963¼ tonnes against 1,713¼ tonnes in 1977-78.

Also doing well are the *smaller* Eastern tin producers, Tanjong and Pengkalen, with respective totals for the past 10 months of 168 tonnes and 224 tonnes which go against 157¾ tonnes and 177½ tonnes. The latest output figures are compared below.

	Oct. tonnes	Sept. tonnes	Aug. tonnes
Gopeng	186½	182¾	182¾
Tanjong	20½	18¾	20
Idris	26	20¾	20¾
Pengkalen	15¾	19½	[illegible]

Fraser Island: bid to resolve dispute

AUSTRALIAN and U.S. government officials are making a fresh attempt to solve the acrimonious dispute arising from the Australian Government's decision in November 1976 to ban mineral sands mining on Fraser Island in Queensland.

That decision involved DM Minerals, a partnership of Dillingham Corporation of Honolulu and Murphyores, a local company. Export permits were revoked for environmental reasons.

The present talks, in Canberra, will cover several aspects of DM's A$23.3m (£12.1m) claim for compensation, said a spokesman for the Australian Foreign Affairs Department yesterday.

The claim for compensation was first made in April 1977. The Australian Government, which has consistently denied its legal liability for compensation, subsequently offered *an ex gratia* payment of A$4m.

This offer was not taken up and was finally withdrawn last March. Since then DM has sought international arbitration. The U.S. Department of State has undertaken to espouse the company's cause once it has been demonstrated that all Australian remedies have been exhausted. DM, in fact, started an Australian High Court action last May.

DM Minerals spent A$19m on bringing the Fraser Island pro*ject to production*, but mining lasted for less than two years.

North Kalgurli rights issue

Financing plans are announced for the resumption of gold mining operations at the old North Kalgurli property on Australia's Golden Mile. They include a two-for-five rights issue of 30 cent shares at 35 cents (18.6p) to holders registered on November 28, the payment date being January 3.

This follows the placing of 5m shares at 50 cents jointly by London brokers Laing and Cruickshank and the Sydney firm *of Norths*, with institutional investors in the UK.

The *placing* has raised A$2.5m (£1.3m) and a further A$4.05m *is to be provided by the rights* issue which will be underwritten *by the two broking firms.*

Dealings in the "rights" are expected to start in Australia and London on November 23 and issue documents will be posted on December 6.

The new funds will be used to finance underground rehabilitation of the mine, which was last worked in 1975-76, to provide for mine development and exploration, plant facilities and working capital.

Mine plant and equipment is understood to be in good shape and only a small amount of water has entered the mine. At current gold prices the operation should be viable and a milling rate of about 200,000 tonnes a year is envisaged.

Ore reserves were last estimated at a modest 515,000 tons averaging 4.89 dwts gold per tonne, but it is believed that there is the potential for a substantially higher total of pay ore.

PLACER TREBLES EARNINGS

Placer Development of Vancouver more than trebled consolidated net earnings before extraordinary items in the first nine months of the year. Net profits for the first three quarters were C$53.4m (£21.4m), or C$4.41 a share, compared with C$17.6m, or C$1.46 a share, in the same period of 1978.

But earnings were boosted by an extraordinary gain of C$38.58m arising from shareholding switches in the Noranda group. Noranda owns 32.7 per cent of Placer. The gain came from an exchange of Placer's 27.1 per cent interest in *Mattagami for a 5.5 per cent* stake in Noranda.

As far as its operations were concerned, Placer drew benefit from higher copper and molybdenum prices, although production was restricted at its Endako molybdenum unit by a lengthy strike.

ROUND-UP

Westinghouse Electric has reached agreement with Florida Power and Light on a uranium supply suit brought in 1975 at a pretax cost of $28.9m (£13.7m). This brings to 12 the number of supply cases it has settled, and leave five outstanding. The Florida settlement involves a cash payment and the provision of uranium, equipment and services at a discount price. In 1975 Westinghouse cancelled a series of supply contracts, setting off a wave of litigation.

* * *

Nippon Mining expects net profits for the year to March to climb to Y4bn (£7.9m) from Y916m in 1978-79, Mr. Tatsuo Nakamura, the managing director, said in Tokyo. But prospects for oil prices and *supplies and for non-ferrous* metals are still uncertain, he *added.*

* * *

Mitsui Mining and Smelting reduced its net deficit to Y1.3bn (£2.57m) during the half year to September from Y2.79bn in the same comparable period of 1978, the company announced in Tokyo.

* * *

Iron Ore Company of Canada, with operations in Labrador and Quebec, staged a dramatic return to profit in the first nine months of the year. Net earnings were $70.1m (£33.2m) compared with a loss of $38.7m in the first three quarters of 1978.

Oakbridge sees a recovery

AFTER the setback in the 12 months to last June, which followed four years of expanding *profits, Australia's Oakbridge* coal and industrial group is now *doing better. Mr. Grahame Mapp*, the chairman, anticipates "a *reasonable recovery" in earnings* for the current year.

He adds, however, that while the year has started well, profits will be tempered for the time being by higher costs of coal production and the lower selling prices which apply to the sales contracts with Japanese steel mills.

Mr. Mapp anticipates a strong growth in demand for steaming coal throughout the 1980s. Oakbridge is well placed to participate in this thanks to its advanced expansion programme.

The start-up in July next year of the Clarence mine with the likelihood of firming coal prices "should ensure a return to sound profit growth in 1980-81," says Mr. Mapp.

Oakbridge shares closed 9p up at 149p in London yesterday after having touched a year's high of 152p.

Tricoville 27% ahead to record

AS ANTICIPATED at the interim stage, record profits are reported by Tricoville, the fashionwear group, for the year ended July 19, 1979.

After the midway rise from £318,000 to £415,000, pre-tax sur*plus* at the year-end was up 26.7 per cent from 704,000 to £892,000, *on turnover* slightly better at £9.06m, against £8.79m.

Stated after-tax earnings per 10p share increased by 22.9 per *cent from* an adjusted 10.7p to 13.15p, while a final dividend of 1.525p *effectively* lifts the net total from 1.7625p to 2.2p.

Tax took £346,000 (£277,000) and after minorities and extraordinary debits, attributable profits were £60,000 higher at £466,000. Dividends absorb £106,000 (£71,000) leaving a retained balance of £360,000, against £335,000.

Comparatives have been restated to reflect changes *in* accounting policy for deferred tax and depreciation of properties, and a prior year tax adjustment *mainly relating to stock* relief.

Progress at British Investment

Net *revenue* of the British Investment Trust was lifted from £1.66m to £2.45m in the half year to September 30, 1979. The net asset value per 25p share slipped from 211p at the year end to 199½p.

The directors say they expect earnings for the whole of the current year to show a substantial improvement.

The company is raising the interim *dividend from 2.45p to 3p* and there is a special payment of 0.85p *from exceptional dividends* and deposit interest.

Last year the company paid a total of 5.7p after net revenue had advanced to £3.89m.

Total revenue at midway jumped from £2.98m to £3.89m. The ending of dividend control produced an improvement in franked revenue from £1.97m to £2.31m. Deposit interest rose from £126,000 to £538,000 due to *a greater degree of liquidity* in the portfolio and higher interest rates.

Investment at valuation, including investment currency premium, fell from £128.9m to £119.8m.

The fall, says the board, was entirely the result of a reduction in the level of investment currency premium which also largely accounts for the drop in net asset value.

The directors say that the higher proportion of the portfolio in the UK—up from 65.6 to 69.3 per cent—reflects some *repatriation of foreign* currency and the relative strength of sterling.

Tax at midway, including an estimated payment for group relief, was £1.17m (£1.03m). The interim dividend absorbs £1.87m (£1.53m) and the special payment £530,400.

Another underwriting shake-up at C. E. Heath

Another shake-up has taken place in the underwriting management business of insurance broker, C. E. Heath. The underwriting account of *Pine Top* Insurance Company, part of the *Greyhound Corporation of the* U.S., which C. E. Heath (Agencies) has managed, is to be brought under the wing of direct management by Pine Top.

Pine Top said yesterday the move, which took effect on October -, was through a mutual understanding and recognition of Pine Top Insurance Company's wish to underwrite on its own behalf.

Mr. James A. Oliver, senior vice president reinsurance of the *Pine Top Insurance Company* (Illinois), will come to London *in December as deputy managing* director in charge of underwriting for Pine Top.

The contribution to underwriting agency revenues from the management of Pine Top was estimated at £400,000.

Earlier this year it was announced the underwriting account of Bellefonte Insurance Company, a wholly-owned subsidiary of Amoco, which C. E. Heath had managed was to pass to direct management by Bellefonte.

RESULTS AND ACCOUNTS IN BRIEF

AOKAM TIN—Second interim dividend 15 per cent, less Malaysian tax, making 19.5 per cent for year ended June 30, 1979, *against 35 per cent previously.* Dividend payable January 4.

COGHLANS (bright steel maker)—Turnover half-year to September 30, 1979, £3,308,750. Pre-tax profit £206,427.

CITY AND INTERNATIONAL TRUST—Results for year to August 31, 1979, already known. Total investments £20.77m (£21.37m). Chairman says revenue estimates remain higher than *last year. And directors expect* to pay an increased dividend. Meeting, 8, Waterloo Place, SW, December 4 at 12.15 pm.

COURTNEY POPE (HOLDINGS) (shop*fitting and electrical)—Results* for year ended May 31, 1979, already reported. Fixed assets £1.77m (£1.75m). Net current assets £2.94m (£2.3m). Order books healthy in most companies and *directors confident of further advance* in current year. Throgmorton Trust holds 14.9 per cent of ordinary capital. Meeting, Amhurst Park Works, South Tottenham, N, November 29 at 11 a.m.

DALGETY — Results for year ended June 30, 1979, and successful bid for Spillers already reported. Fixed assets £135.1m (£127.5m). Net current assets £118.2m (£93.9m). Chairman says pre-*tax profits for first two months of* current year running at £3.6m against £0.9m for same period last year. He has every confidence in Spillers' contribution to earnings and in future *prospects of combined group. Meeting*, 116, Pall Mall, S.W., November 30 at 11.30 a.m.

DAWNAY DAY GROUP (Investment Banking) — Results for the year to June 30, 1979, already reported. Group fixed assets £4.92m (£5.17m). Net current assets £9.05m (£8.68m). Meeting, 31, Gresham Street, on November 30, 1979, at 11.30 a.m.

M AND G FUND OF INVESTMENT TRUST SHARES—Interim distribution on income units for the accounting period to May 11, 1980 will be 1.1p net per unit (0.95p last year), payable on January 7, 1980.

M AND G JAPAN AND GENERAL FUND—Interim distribution on income units for the accounting period to May 11, 1980 will be 1.3p net per unit (1.0p net last year) payable December 29.

BANK RETURN

	Wednesday Nov. 7 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	27,839,219	+ 2,500,828
Special Deposits	778,740,000	—
Bankers Deposits	506,265,941	— 66,670,798
Reserves & other Accounts	670,698,731	— 12,654,764
	1,998,096,891	— 79,424,724
ASSETS		
Government Securities	1,474,295,471	+ 116,965,000
Advances & Other Accounts	153,499,524	— 12,691,185
Premises Equipment & Other Secs.	351,709,550	— 197,128,525
Notes	18,373,473	+ 11,405,954
Coin	218,893	+ 24,052
	1,998,096,891	— 79,424,724
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,650,000,000	+ 25,000,000
In Circulation	9,631,626,527	+ 13,594,066
In Banking Department	18,373,473	+ 11,405,934
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,413,883,165	+ 31,999,390
Other Securities	1,225,101,735	— 6,999,390
	9,650,000,000	+ 25,000,000

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF PREFERRED ORDINARY DIVIDEND NO. 4

Notice is hereby given that preferred ordinary dividend No. 4 of 2 cents per preferred ordinary share has been declared, payable in the currency of the Republic of South Africa, to holders of preferred ordinary shares registered as such at the close of business on 23 November 1979. Dividend warrants will be posted to those holders entitled thereto on or about 18 January 1980.

For the purpose of determining those holders to whom the dividend will be paid, the transfer books and registers of holders of preferred ordinary shares in South Africa and the United Kingdom will be closed from 24 to 30 November 1979, both days inclusive.

The rate of exchange at which the dividend will be converted into United Kingdom currency for the payment from the office of the United Kingdom Registrar will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 4 January 1980.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) *persons other than companies, not ordinarily* resident nor carrying on business in South Africa, and

(b) companies which are not South African companies.

The company will accordingly deduct the tax, at an effective rate of 13.46115 per cent *from dividends payable to shareholders whose addresses in the registers are* outside the Republic of South Africa.

By Order of the Board
W. C. Warriner, *Secretary*

Sandton
8 November 1979

Registered Office:	Transfer Secretaries:	United Kingdom Registrar:
Barlow Park	Rand Registrars Limited	Lloyds Bank Limited
Katherine Street	2nd Floor, Devonshire House	Registrar's Department
Sandton	49 Jorissen Street	The Causeway
2196 — South Africa	Braamfontein	Goring-by-Sea
(P.O. Box 78-2248	2001—South Africa	Worthing
Sandton	(P.O. Box 31719	West Sussex BN12 6DA
2146 — South Africa)	Braamfontein	England
	2017 — South Africa)	

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UK COMPANY NEWS

BIDS AND DEALS

BAT paying £87.8m for Imps stake in Mardon

BY ANDREW FISHER

BAT Industries is paying £87.8m for the 50 per cent share in Mardon Packaging International which it is buying from Imperial Group to make it a fully-owned subsidiary.

The deal, which ends 17 years of joint BAT and Imperial ownership of Mardon, is in line with the aim of both diversified tobacco companies to widen their non-tobacco interests.

Imperial has already embarked on a $630m (£300m) bid for Howard Johnson, the U.S. hotel and restaurant chain, while BAT is keen to build up its paper and packaging activities, which are its second largest profit contributor.

The price BAT is paying is at the top end of previous estimates. Imperial said yesterday that it was to the group's advantage to realise its investment in Mardon and hold the proceeds ready to put towards developing its trading activities.

The agreement represents a further major step in the unravelling of the joint interests of BAT and Imperial, whose last surviving link is now the Molins tobacco machinery company in which both groups have a minority interest.

The two companies began to unwind their joint marketing and financial arrangements around seven years ago, after Britain's entry to the EEC made their continuation illegal. Imperial had covered the UK and Ireland, while BAT sold the same cigarette brands overseas.

There was something of a boom in bids and deals in the third quarter of 1979. The latest edition of Trade and Industry reveals that 124 companies were acquired during the quarter for £405m. This was 56 per cent up on the figure for the second quarter and was the highest quarterly total since the third quarter of 1973.

A number of large transactions—10 worth more than £10m—increased the total and there was also a high number of acquisitions of subsidiary companies. The largest deal was the acquisition of Sheepbridge Engineering by GKN for almost £40m.

Mardon, which ranks second in the UK packaging market after Metal Box, has also been expanding in Europe and North America and sees further overseas opportunities opening up as a result of entering the BAT group.

Since 1975, the pre-tax profits of Mardon have risen 2½ times, with the 1978-79 figure of £23.3m comparing with £21.6m in the previous year to September 30. Sales last year totalled £360m against £314m.

The price that BAT is paying for the half share in Mardon will be met by the issue of variable rate unsecured loan stock 1980/84, with interest payable half-yearly and based on London Interbank rates. Shareholders' funds totalled £95m at September 30.

BAT said that the price of £87m represented an exit price/earnings ratio of 10 on 50 per cent of the net profits for the past year of £17.4m (£14.5m). The companies closest in nature to Mardon, it added, were probably Dickinson Robinson and Ireland's Jefferson Smurfit, which had historic multiples of 8.6 and 6.5 respectively.

Dundonian's offer for Algrey

DUNDONIAN is making its first move into property development with the proposed acquisition, confirmed yesterday, of Algrey Developments from Johnson and Firth Brown for £5.12m.

The deal, which includes certain freehold investment properties developed by Algrey, is being financed by a £1.5m bank loan and £3.5m rights issues, and will leave Dundonian with net assets of £7.2m and pre-tax profits of £1.4m. The shares were suspended on Monday at 58p.

Dundonian emphaises in the formal document that it intends to remain an industrial holding company with a planned spread of interests. Its present activities cover funeral services, insurance broking and finance, energy conservation and tin and tungsten mining.

"We don't see this as a fundamental change in strategy," said Mr. Max Lewinsohn, the chairman of Dundonian. Dundonian probably now had a "good, balanced spread" of activities, he added.

The actual purchase price for Algrey, which is based in Sussex, and its properties is £3.25m, on top of which Dundonian will arrange repayment of the £1.69m that Algrey owes to JFB. Algrey's interests cover both commercial and residential property, areas in which Dundonian's directors have previous experience.

Algrey made a pre-tax profit of £1.6m in the 15 months to September 30, including rental income from its investment properties. The book value of the assets being sold is £2.4m, after deducting the loan from JFB. Of the purchase price, £2.8m represents the share capital of Algrey and £463,000 the investment properties.

The financing is being split between the term loan from National Westminster Bank, a £1m rights issue of ordinary shares on a one-for-one basis at par, and a £2.5m rights issue of preference shares. The latter involves the issue of two 11¼ per cent convertible preference shares for each ordinary share held and is partly directed at the institutions.

Dundonian's brokers, Rowe Rudd have underwritten the rights issues, which will lift its share capital from just over £1m to more than £4.5m. The directors and MIL Securities, owned by Mr. Lewinsohn and another board member, Mr. Donald Neville, intend to take up their ordinary but not their preference share rights; together, they hold 31 per cent of Dundonian's shares.

Dundonian also issued interim profit figures yesterday, showing a 125 per cent jump in turnover to £935,000 and a 61 per cent pre-tax increase to £192m. Net profits in the first half to September 30 moved up by 70 per cent to £151m; the company is raising its interim dividend by 43 per cent from 0.7p to 1p.

Sekers agrees £1.6m for David Evans

Sekers International, the clothing and fabric group, has leapt in with an agreed bid of just over £1.6m in cash and shares for David Evans, the privately-owned textile company for which Selincourt has already made an all-share offer currently worth around £830,000.

Sekers is offering ten of its own shares plus 325p in cash for every three shares in Evans. Based on yesterday's closing price of 42p for Sekers shares, this values each Evans unit at 215p.

Sekers said full acceptance of the offer would involve the issue of 2.5m ordinary shares and the payment of £562,500 in cash. Directors of Evans, along with other shareholders, have accepted the offer for 66 per cent of the equity.

Evans, which is being advised by Guinness Mahon, made a pretax profit of £250,000 in the year to March 31 on turnover of £5.75m, over half of which was exported, mainly to the U.S. Net tangible assets at that date totalled £1.64m, but a subsequent property revaluation shows a surplus over book value of some £1.67m, making a total of £3.31m. Seker's advisers are Charterhouse Japhet.

WEDGWOOD BUYS NAMESAKE FOR £1.6M

Wedgwood has reached agreement to buy Enoch Wedgwood (Tunstall) from its American-owned parent, ARA Marketing Services.

The consideration is £1.6m payable in £400,000 cash on completion and the rest in equal annual instalments over a five-year period.

Enoch Wedgwood (Tunstall) manufactures and distributes earthenware tableware from two factories in Stoke-on-Trent, its major markets being the U.S. and Europe.

The existence of another pottery manufacturer using a trade name incorporating the word "Wedgwood," the registered trade mark of Wedgwood Limited, has caused confusion, particularly in the U.S. Wedgwood is convinced the company's interests will best be served if Enoch Wedgwood (Tunstall), with its own registered trade mark, becomes part of the Wedgwood Group.

Profit before tax and extraordinary items of Enoch Wedgwood (Tunstall) amounted to £751,000 in the year to September 29, 1978, and is estimated at some £740,000 for the current year. Net tangible assets were about £500,000.

The directors decided to make the acquisition despite the state of the U.S. economy and the value of sterling because it is expected to bring a valuable contribution to group results in the longer term.

COSTAIN-WHESSOE TALKS CONTINUE

Talks are continuing between Costain Group and Whessoe, the Darlington-based engineer which may lead to a bid by Costain for Whessoe. They have been in progress since the first week of October, but no announcement is due until a reasonable agreement can be reached.

WAGON INDUSTRIAL

The sale of Wagon Repairs, a wholly-owned subsidiary of Wagon Industrial Holdings, to Procor (UK) has been completed.

LASMO expects over £20m

London and Scottish Marine Oil expects to make pre-tax profits of over £20m for 1979. Out of that it will have to make provisions of £17m for Petroleum Revenue Tax but no corporation tax.

Oil Exploration's pre-tax profits, mainly from gas revenues, should be not less than £2.5m (£1.6m) and after tax the figure should be £1.9m.

The profit forecasts are included in the offer document from LASMO for Oilex which will result in a merger of LASMO's oil flow from the Ninian Field and Oilex's hopes for the "T" block in the North Sea which contains at least three fields, and the Andrew Field.

However, the document does not contain much information about the blocks in which Oilex has its main interests.

Clearly, however, the two companies remain fairly confident about the new blocks. LASMO's shareholders are still awaiting their maiden dividend, which is to be paid in 1981 for the 1980 year.

Now the group says that if the agreed bed goes through it "may be in a position to contemplate a more generous dividend policy for the enlarged company than would be appropriate in the case of a company dependent on a single field."

When the terms of the merger were first announced LASMO had warned that the size of the first dividend might have to be scaled down in view of the risks that would be taken on with Oilex.

Other indications that LASMO has now reached full maturity after years of holding on to its Ninian interests come with the news that borrowings reached their peak in June and the company now expects to make an early repayment of its bank loans before the end of the year.

Borrowings at the endof last month were £133m, including £1.7m of contingent liabilities.

KENNEDY SMALE BIDS FOR HARROTT

Kennedy Smale, the textile machinery engineer, is bidding for the 29.9 per cent of Harrott which it does not already own.

The company announced yesterday that it has agreed to acquire a further 151,315 Harrott shares, bringing its holding to 77.1 per cent and will therefore make a bid for the remainder at 80p per share.

The purchase of the new stake and the cost of buying out the remainder will amount to £411,000. Kennedy's pre-tax profits for the year to March were a record £574,557, but Mr. S. M. Johnstone, the chairman has warned that interim figures to September will fall.

Lancaster bids for tour operator

D. M. Lancaster, the textile group which was the subject of an abortive bid from Provincial Laundries earlier this year, is itself now making a bid for diversification.

Yesterday Lancaster asked for its shares to be suspended because it has entered into a conditional contract to buy Club 18/30, a London-based tour operator. The suspension arises because the move represents diversification from Lancaster's main business of fabric finishing.

Lancaster has not paid a dividend since 1975 and made profits of only £831 last year. The shares were suspended at 9½p.

BTR/CAMPBELL AND SHERWOOD

At the EGM of Campbell and Sherwood a special resolution reorganising the share capital was passed. Accordingly, the offers on behalf of a subsidiary of BTR are wholly unconditional and remain open for acceptance until further notice.

HONGKONG LAND IN JOINT VENTURE

The Hongkong Land Company and Far East Consortium have formed a 50/50 joint venture property trading company.

Its principal objective will be to develop commercial, residential and industrial property for sale mainly in the new territories.

COMPANY NOTICES

THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V.

U.S. $75,000,000 Floating Rate Notes 1978-1985

For the six months 9th NOVEMBER 1979 to 9th MAY 1980 the Notes will carry an interest rate of 15⁹⁄₁₆% per annum with a coupon amount of U.S.$78.68

Bankers Trust Company, London
Agent Bank

THE BRAZIL FUND S.A.—SOCIEDADE DE INVESTIMENTO D.L. 1401

November 1975 and July 1977 Issue Bearer Depositary Receipts "BDRs" issued by European Overseas Issuing Corporation S.A.

DIVIDEND COUPON No. 8

Coupon No. 8 will be payable from 9th November 1979 onwards at one of the undermentioned offices at the rate of US$281.678 per 1,000 Depositary Shares and US$2,816.78 per 10,000 Depositary Shares less any additional withholding tax that may be deductible.

—The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.
—European Overseas Issuing Corporation, 11 Boulevard Grande Duchesse Charlotte, Luxembourg.

This amount represents the dividend of CR$1.02 per share less Brazilian withholding tax of 15 per cent and the Depositary's commission of 1 per cent.

9th November, 1979.

ELECO HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books of the Company will be closed from the 23rd November, 1979, to the 13th December, 1979, both dates inclusive.

By Order of the Board,
R. PROCTOR, Secretary.

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office: 45 Queens Road, Oldham, Greater Manchester.

A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office at 10.00 a.m. on Tuesday, 27th November 1979.

AGENDA

To adopt a new Table Number ORHW3 (Low Cost Endowment Assurance).

(Signed) D. STOTT, Secretary.

THE ROYAL BANK OF SCOTLAND LIMITED

U.S.$30,000,000 FLOATING RATE CAPITAL NOTES 1983

For the interest period 9th November 1979 to 9th May 1980 the Notes will carry a rate of interest of 15[illegible] per annum. Interest for the period will amount to U.S.$78.993 per Note, which will be payable on 9th May, 1980 against presentation of Coupon No. 8.

The payment date and dollar amount stated above may be amended without notice in the event of an extension or shortening of the interest period.

KREDIETBANK S.A. LUXEMBOURGEOISE
Principal Paying Agent

BOND DRAWINGS

REPUBLIC OF SOUTH AFRICA 8¾% 1970/1982 UA 20,000,000 Loan

Bonds for the amount of UA 2,490,000.- have been drawn on October 25, 1979 in the presence of a Notary Public.

The drawn Bonds are these, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at: 1362 up to 5608 incl.

They are redeemable, as from December 30, 1979, coupon due December 30, 1980 and following attached.

Amount subject to redemption: UA 2,650,000.-
Amount purchased on the market: UA 160,000.-
Amount outstanding: UA 9,350,000.-

Outstanding drawn Bonds:

3817	3839 and 3839	3853
3871	4028 and 4029	4071 to 4074 incl.
4077	4089	4148 and 4149
4161	4172 and 4173	4227
4331 to 4340 incl.	4345 to 4346 incl.	4369
4393	4405	4407 and 4408
4413 and 4414	4420 to 4422 incl.	4431
4453	4458	4464
4517 to 4519 incl.	4578 and 4579	4515
4636 to 4639 incl.	4772 to 4774 incl.	4813 and 4814
4819	4857	

Luxembourg, November 8, 1979.

THE FISCAL AGENT
KREDIETBANK
S. A. Luxembourgeoise

PLANT AND MACHINERY

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

LINHURST PROPERTY CO. LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situate at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 15th day of November 1979, at 12 o'clock noon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 1st day of November 1979.
By Order of the Board,
R. S. GREEN, Director.

THE COMPANIES ACTS 1948 TO 1976

PENFOLD PROPERTY COMPANY LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situate at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 15th day of November 1979, at 11 o'clock in the forenoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 1st day of November 1979.
By Order of the Board,
F. R. PORTER, Director.

THE COMPANIES ACTS 1948 TO 1976

SIMON SPENCE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 20th day of November 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 2nd day of November 1979.
By Order of the Board,
A. ZIPMAN, Director.

THE COMPANIES ACTS 1948 TO 1967

FORMWORTH LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 12th day of December 1979, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 31st day of October 1979.
P. MONJACK, Liquidator.

THE COMPANIES ACTS 1948 TO 1976

OVER-ALL ROOF COVERINGS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Friday, the 16th day of November 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 1st day of November 1979.
By Order of the Board,
F. H. BREYER, Director.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS

Issued 7th November, 1979, due 6th February, 1980:—
£395,000—Great Yarmouth B.C. at 13[illegible]%. Applications totalled £3.335m. £395,000 Bills outstanding.
£1.4m—Leicester City Council at 13[illegible]%. Applications totalled £14.4m. £1.4m Bills outstanding.
£1m—Stockport M.B.C. at 13[illegible]%. Applications totalled £9m. £4.5m Bills outstanding.

TRAVEL

ART GALLERIES

ENTERTAINMENT GUIDE

CINEMAS

UK COMPANY NEWS

G R (Holdings) tops £3m after good second half

WITH second-half profits improving from £1.28m to £1.7m, the taxable surplus of G. R (Holdings) advanced to £3.07m in the year to June 30, 1979, compared with £2.46m last time.

Turnover of the sheepskins, furs and leather group rose £3.78m to £22.66m.

The net total dividend is effectively increased from 5.3p to 6.4p, with a final of 5p. After tax of £1.61m (£1 28m), earnings per share are stated higher at 31.3p, against an adjusted 27.7p. The dividends absorb £414,475 (£221,182).

Tax takes £214,953 this time, compared to £199,254.

Fundinvest increases dividend

Net taxable revenue of Fundinvest rose from £559,441 to £626,593 in the year to September 30, 1979.

The final dividend is raised to 1.953p (1.647p), making a total of 3.153p costing £350,390. Last year's total of 2.69p cost £298,937.

Total assets less current liabilities at the year-end were valued at £10.88m (£11.44m) and the net asset value per share was 107p (116p).

Bowater completes U.S. expansion

The Bowater Southern Paper Corporation announces the successful start-up of the fifth newsprint machine at the Tennessee Mill in the U.S.

This marks the completion of a $90m expansion programme and adds 140,000 tonnes of annual capacity to the newsprint mill.

Contracts for the sale of this increased capacity have been made with publishers in the southern and central states of the U.S.

Bowring sets up new agency

C. T. Bowring is forming Oberon Underwriters, a new agency company which will underwrite a non-marine account on behalf of a group of companies.

This group comprises the San Francisco Insurance Company (UK), a wholly-owned subsidiary of Fireman's Fund Insurance Company of San Francisco; Mercury Reinsurance Company (UK), a wholly-owned subsidiary of St. Paul Fire and Marine Insurance Company of St. Paul, Minnesota; and the Nippon Fire and Marine Insurance Company (UK), a subsidiary of the Nippon Fire and Marine Insurance Company of Tokyo, Japan.

British-Borneo Petroleum to pay 11p interim

Taxable profits of British-Borneo Petroleum Syndicate were almost static in the half year to September 30, 1979 The surplus stood at £436,844, against £436,124.

The interim dividend is being lifted from 2.508p net to 3.25p and there is a 7.25p payment from the special dividends received from Shell. Last year the investment holdings and dealing company paid a total of 7.529p after lifting taxable profits to £821,000.

Corporation tax at half time was £97,570 (£110,860) and tax on franked income £71,818 (£72,890).

Drayton Consol. earns more

AFTER charging tax of £1.35m against £1.2m, revenue of Drayton Consolidated Trust rose from £1.85m to £2.1m in the year to September 30, 1979.

The net final dividend is stepped up from 3.2p to 4p making a total 6p (5.2p), costing £1.84m (£1.58m) and the balance retained amounts to £195,583 (£205,702).

Total assets less current liabilities at September 30, were valued at £77.18m (£78.06m) and the net asset value per share was 197½p (213½p).

The net asset value has been calculated on the increased ordinary share capital which would exist if the convertible unsecured loan stocks were wholly converted on the next conversion dates. Debenture and preference stocks have been deducted at their nominal values. No provision has been made for the tax on capital gains which would have been payable had the investments been sold at their market values at the balance-sheet date. Investments listed overseas and foreign currency assets have been valued with the addition of the investment currency premium where appropriate. The total of such premium amounted to £1.88m (5.5p per share).

APPOINTMENTS

Alan Lord to be Dunlop managing director

Mr. Alan Lord, former second permanent secretary at the Treasury, is to become managing director of DUNLOP HOLDINGS from January 1. He will be responsible to Sir Campbell Fraser, currently chairman and chief executive who in January will become executive chairman.

Aged 50, Mr. Lord joined Dunlop in 1977 after leaving the Treasury and took over responsibility for all aspects of Dunlop's strategic planning. At the beginning of 1978 he became a director of Dunlop Holdings, the parent company in the Dunlop group, and managing director of Dunlop International, responsible for group activities outside Europe and for the International Sports Company.

Mr. Lord is a non-executive director of Allied Breweries and chairman of the taxation committee of the Confederation of British Industry.

★

Mr. M. J. Gent has been appointed a director of PHOENIX ASSURANCE. He is chairman and joint managing director of the Guthrie Corporation.

The Prime Minister has approved the appointment of Mr. George L. J. Engle, to succeed Mr. Terence Skemp as Second Parliamentary Counsel on March 1, 1980.

★

Mr. Bill Adamson has been appointed managing director of BARRATT CONSTRUCTION with a seat on the Board of Barratt Developments (Scotland). The former managing director of Barratt Construction, Mr. Sandy Jolly, has been made a director of Barratt Developments (Aberdeen) with responsibilities for the Inverness area.

★

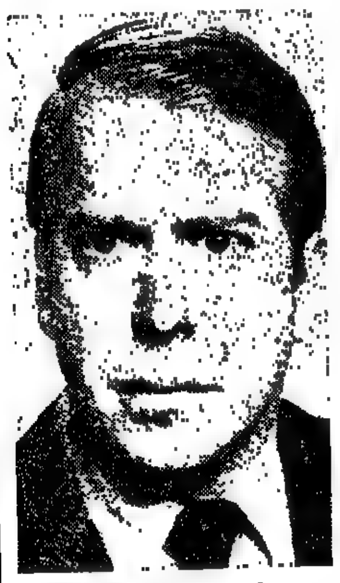
Mr. Alan J. Hird, a partner in Dearden Farrow and Co., has been appointed as non-executive financial director to CHALLENGE HOSIERY COMPANY, of Eastwood, Nottinghamshire, and to CATALONIA PAPER TUBES (UK), a subsidiary of Jose Ma. Artiga S.A. of Barcelona, Spain. The latter company is building a new factory in Bradford to manufacture paper cones for the textile industry.

★

Dr. A. W. Rudge has been appointed chief executive and managing director of ERA TECHNOLOGY, of Leatherhead. He succeeds Dr. Bryan Lindley, who leaves to become director of research of Dunlop Limited. Mr. K. Sedgwick, company secretary, takes up the new post of deputy managing director at ERA Technology.

★

Viscount Sandon has been appointed non-executive chairman of ORION BANK and Mr. T. Jefferson Cunningham III as group chief executive.



Mr. T. J. Cunningham

★

Mr. Ronald Cartwright has been appointed chairman of MARTONAIR INTERNATIONAL as from January 1, 1980. He succeeds Mr. George Godwin, who is retiring from the Board after more than 50 years with the group and its predecessor companies. Mr. Michael Walters, who has been a non-executive director of the company since 1968, will become deputy chairman and Dr. Hans Cremer, the managing director of the group's subsidiaries in Germany, will be joining the Board next January. Mr. Godwin will be retaining his association with the group as president and in a consultative capacity.

★

Following his secondment to Equity Capital for Industry, Mr. J. W. Findlay has resigned as director and investment manager of PRUDENTIAL PENSIONS and PRUDENTIAL PORTFOLIO MANAGERS and Mr. M. G. Newmarch, a deputy investment manager of Prudential Assurance, has been appointed in his place.

★

Mr. Allen Hewett has been appointed director of industrial relations for BRITISH SUGAR CORPORATION from December 1, and he will be a member of the Corporation's operations committee. Mr. Hewett is at present personnel director for Golden Wonder, a company within the Imperial Group.

Mr. Allen Hewett

★

Mr. John T. Conner has been appointed a director of SCHRODERS LIMITED from January 1, 1980. At the same time he will become chairman of Schroders Incorporated, New York, and a director of J. Henry Schroder Bank and Trust Company, New York. Mr. John C. Bayley, joint deputy chairman of Schroders Limited, has been chairman of Schroders Incorporated during the period of the implementation of the Schroder Group's capital expansion in New York and he will remain on the Board of Schroders Incorporated. Mr. Connor, who was U.S. Secretary of Commerce from 1965 to 1967, is a director of General Motors Corporation, Warner-Lambert Company and the American Broadcasting Company. He retires as chairman of Allied Chemical on December 1, 1979

★

Mr. Paul R. Marchant and Mr. P. Andrew Rawlings have joined the H. CLARKSON (INSURANCE HOLDINGS) and have both taken up appointments on the Board of H. Clarkson International Reinsurances. Mr. Andrew Duggan has become a member of the Board of Clarkson Bardrick and Co.

★

CORNHILL INSURANCE GROUP has appointed Mr. N. H. Matthews as assistant general manager with responsibilities for marine business.

★

Mr. Gordon Dean has been appointed managing director of ANGLO-AMERICAN ASPHALT COMPANY. Mr. Digby Burnell remains chairman and chief executive. Mr. Dean was formerly a director of Gresham Trust.

★

Mr. Geoffrey Williams has been re-appointed chairman of the NATIONAL FILM FINANCE CORPORATION for three years. Mr. Allan Grant has been re-appointed chairman of the CINEMATOGRAPH FILMS COUNCIL until December 31, 1980.

★

Mr. Leslie Smith has been appointed chief freight manager at the Western Region's Paddington headquarters of BRITISH RAIL, succeeding Mr. Peter Beercroft, who has moved to the Marylebone headquarters of BR.

★

The following executives of ELECTROLUX have been made associate directors; Mr. Brian Brown (financial), Mr. Stanley F. Mitchell (works) and Mr. Robin A. Sutherland (marketing).

★

Two senior appointments within the postal business are announced by the POST OFFICE. Mr. Bill Cockburn, until now director of postal finance, takes over as director of the London Postal Region, while his predecessor Mr. Ken Noble, will be director of postal reorganisation to prepare the postal business for the separation of telecommunications from the Post Office.

Mr. Alan Lord

★

Mr. C. H. Grinsted has joined the Board of ANSVAR INSURANCE COMPANY. He is at present secretary of Shell UK.

★

Mr. Cyril A. McCarthy, the chief revenue officer of Newport Borough Council in Gwent, has been elected president of the RATING AND VALUATION ASSOCIATION for 1979-80.

★

Mr. Rodney East is joining the Board of ETAM as finance director. Until recently, Mr. East was managing director of non-retail operations at Hardy's.

★

Dr. J. Dickson Mabon, Lab./Co-op MP for Greenock and Port Glasgow, has been appointed to the Board of NORTH SEA ASSETS.

★

Pentos states that following its acquisition of CAPLAN PROFILE GROUP, the composition of the Board of that company is now: Mr. Ian Caplan, chairman and chief executive; Mr. Paul Caplan, joint managing director (sales and marketing); Mr. Don Richings, joint managing director (production); and Mr. Robin Ellis, finance.

★

Mr. W. G. Critchley, formerly a senior consultant and business division manager with Marketing Improvements, has joined BRACKEN KELNER AND ASSOCIATES as a senior full-time associate.

★

Mr. R. W. S. Baker has been elected a director of SUN LIFE ASSURANCE COMPANY OF CANADA (UK) and becomes deputy managing director.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

AMC moves ahead but layoffs mount at GM

BY STEWART FLEMING IN NEW YORK

GENERAL MOTORS, the world's largest car producer, yesterday announced further sharp cuts in its labour force on the same day that American Motors (AMC), the industry minnow, disclosed that it was the only U.S.-owned car company to earn a profit in the U.S. in the third quarter of the year.

GM disclosed that it was laying off indefinitely 5,750 workers as a result of a decision to reduce shifts at three car and light duty truck plants and to slow assembly line speed at another car plant. About 7 per cent (37,250) of GM's U.S. blue collar workforce is now laid off. Layoffs in the industry as a whole are around 100,000.

The decision is another sign of the serious problems facing the car industry as a result of the slump in new car and truck sales last month. It may also indicate that GM is beginning to anticipate a more prolonged sales decline than has generally been admitted.

Mr. Thomas A. Murphy, GM's chairman, warned earlier in the week that further cutbacks in car production were planned in the fourth quarter. He disclosed that GM dealers, at October 20, had twice as many cars in stock than at the same time last year.

Mr. Murphy has continued to stick with his projection that the 1980 model year which began last month will see 11m cars sold in the U.S., an estimate which has been attacked as very optimistic by analysists outside the company.

While General Motors, Ford and, of course, the financially troubled Chrysler, have all reported operating losses in the U.S. in the three months to September 30, AMC announced yesterday that in the same period (its fourth fiscal quarter) net income was $10.6m. This represented a sharp fall compared with a year ago, however, when net income was $25.9m.

For the year as a whole, however, AMC's net income before extraordinary credits, was $68.1m, or $2.07 a share, compared with $24m or 75 cents a share in the year ended September 30, 1978.

The company said its restructured car operations were solidly profitable, adding that its products were properly placed to meet the strong demand for smaller economic passenger cars. This resulted in increased penetration of the small-car segments of the market. At the same time, Jeep sales were a record in spite of a market downturn over energy concern.

Black and Decker record

By Our Financial Staff

BLACK & DECKER, the world's largest manufacturer of portable power tools, pushed earnings 91 per cent ahead in the fourth quarter to achieve record earnings for the year.

Fourth quarter net was $29.57m or 70 cents a share against $15.47m or 37 cents on sales which advanced by 26 per cent to $304.8m.

Net profit for the year rose 43 per cent to $94.43m or $2.25 a share compared with $66.24m or $1.58. Sales moved up 26 per cent to $1.21bn.

The year's gain included 25 cents a share from the change in UK tax laws. The final quarter net includes a charge of 4 cents caused by a change in the accounting method or 13 cents for the year.

Bethlehem fears setback

BETHLEHEM—Unless Bethlehem Steel Corporation, the second largest U.S. steel producer, gets "awfully lucky" in Kthe next few weeks it will not earn as much money or ship as much steel in the fourth quarter of the year as it did in the same period last year, according to Mr. Lewis W. Foy, chairman and chief executive.

In last year's fourth quarter Bethlehem shipped 3.3m tons of steel and earned $74.5m or $1.70 a share, on revenues of $1.65bn. But this year, with demand for flat-rolled steel used in cars and appliances slipping, Mr. Foy said that Bethlehem "will have trouble meeting that unless we get awfully lucky."

Nevertheless, heavy demand for all types of steel earlier this year has virtually ensured that Bethlehem's 1979 performance will be substantially ahead of 1978's revenue and earnings.

In 1978 the company earned $225.1m, or $5.15 a share, on sales of $6.18bn, while through the first nine months of 1979 it has already earned $237.1m, or $5.43 a share, on sales of $5.43bn.

Bethlehem's outlook for 1980 is clouded by both economic uncertainty and the possibility that imports of foreign steel could rise next year from the estimated 17m tons this year. Mr. Foy said that the company's marketing experts were predicting a drop of between 5 per cent and 8 per cent in industry shipments.

Most of those forecasts assume that consumer spending will be down through the first half of 1980, while capital spending remains relatively strong. Then, when capital spending begins to tail off in mid-year, consumer spending is expected to pick up. AP-DJ

25% gain in Bendix annual earnings

By Our Financial Staff

BENDIX, the automotive, aerospace and industrial group, has comfortably exceeded forecasts to increase earnings for 1978-79 from $5.74 a share to $7.10. But Mr. William Agee, chairman, warns that fourth quarter results were lifted by "substantial equity income" from ASARCO, the metals producers, and adds that there was a "steep decline" in automotive business in the same quarter.

"It is unclear," he said, "how long the current softness in some markets for our automotive and building materials product will persist."

Earnings for the year are 25 per cent up at $162.6m on sales 5.7 per cent higher at $3.86bn. The final quarter brought a 16 per cent gain in net earnings to $34.3m, or from $1.29 to $1.50 a share. Sales, at $928.3m, show a fall of 1.8 per cent.

Since October 1, profits from ASARCO have been equity accounted by Bendix, which increased its stake to 20 per cent during the first quarter of 1979.

Bendix is one of the world's largest independent suppliers of products for the car industry, making Fram filters, Autolite spark plugs as well as brake systems.

Sharp advance at Sunbeam

By Our Financial Staff

A STRONG RISE in earnings for the second quarter of this year at Sunbeam Corporation, domestic appliance manufacturer, suggests that the forecast of "at least moderate progress" this year may be an understatement.

At the half-way stage, profits are 17 per cent up at $20.6m, with share earnings at $1.39 against $1.19. Sales are showing a 4.2 per cent gain at $617.1m.

But a major boost has come in the second quarter when earnings jumped by 87 per cent to $12.2m, or from 44 cents a share to 82 cents. At $323.7m, sales were no more than 6.7 per cent up.

Although the U.S. accounts for some 59 per cent of group sales, around 40 per cent of earnings comes from international consumer revenue in Europe, the Pacific and elsewhere.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	85½	86	−0¼	0	12.62
Alex Howden XW 9½ 91	30	79	79½	+2¾	+2¼	13.06
Australian Res. 9⅝ 84	30	90⅝	91⅛	−0⅛	−1	12.21
Avco O/S Cap. 10⅞ 87	40	83	83⅝	−0⅛	−0⅛	13.32
Beneficial Fin. 9¾ 87	100	87⅝	87⅞	−0⅛	−0⅛	12.31
CECA 10⅜ 91	150	86½	87	−0⅛	−0⅛	12.98
CECA 9¾ 99	125	90	90½	−0⅛	−0⅛	12.84
Canadian Pacific 9¾ 89	50	88¼	88¾	−0⅛	−0⅞	11.80
Carter Hawley 9¾ 86	50	88⅛	88⅝	0	−0⅛	12.36
Comalco Inv. E. 10⅛ 91	40	88	88½	−0⅛	−0⅛	12.16
Continental Grp. 9⅝ 86	100	88⅛	88⅝	−0½	−0⅛	12.25
Dome Petroleum 10 94	50	86⅛	86⅝	−0⅛	−1	12.00
Dominion Bridge 10⅞ 84	30	91⅛	91⅝	−0⅛	−0½	12.80
Dow Chem. O/S 9⅝ 94	200	85⅝	86⅛	−0½	−0⅛	11.76
EIB 9⅞ 87	150	90⅞	91⅜	+0⅛	+0⅛	12.01
EIB 10 99	150	88	88½	−0⅛	−0⅛	11.84
EIB 10⅛ 87	100	91⅞	92⅜	−0⅛	0	12.12
EIB 10.15 99	100	89⅜	89⅞	−0½	−0½	11.84
Export Dv. Cpn. 9⅝ 84	100	90½	91	−0⅛	−1	12.09
Export Dv. Cpn. 9⅝ 84	150	91½	92	−0⅛	−1	11.58
Finland 9½ 86	100	87⅞	88⅜	−0⅛	−0⅛	12.27
Finland 9⅝ 89	100	86	86½	−0⅛	−0½	12.43
GTE Finance 9⅞ 84	50	88⅞	89⅜	−0⅛	−0⅛	12.82
GTE Finance 9⅞ 89	55	[illegible]	[illegible]	−0⅛	−0⅛	12.28
General Motors 9¼ 86	100	87⅞	88⅜	−0⅛	−0⅞	11.92
Gould Int. Fin. 9⅜ 85	50	89⅝	90⅛	−0⅛	−0⅛	12.43
Hudson Bay Co. 10 94	50	87⅜	88⅛	−0⅛	−0½	11.76
ITT Antilles 9½ 89	75	85⅝	86⅛	−0½	−1⅛	12.06
Kennecott Int. 9½ 86	100	[illegible]	[illegible]	−0⅛	−0⅛	12.88
Manitoba 9½ 89	75	86½	87	−0½	−1⅛	11.90
Michelin 10 94	125	87⅜	87⅞	−0⅛	−0⅛	11.93
Nat. Des. Telecm. 9½ 86	100	88⅞	89⅜	−0⅛	−0⅛	11.94
New Brunswick 9¾ 94	75	85⅛	85⅝	−0⅛	−1	11.91
Newfoundland 10 94	50	87⅛	87⅝	−0½	−0⅛	11.83
Norges Komm. 9⅞ 99	100	88	88½	+0⅛	+0⅛	11.62
Norway 9½ 84	150	91½	92	−0⅛	−0⅞	11.94
Nova Scotia Pwr. 9⅞ 89	50	87	87½	−0⅛	−0⅛	12.06
Occidental Fin. 10⅜ 84	50	90⅜	90⅞	0	0	13.14
Orient Leasing 9½ 86	25	87	87½	−0½	−1½	12.40
Pennwalt O/S F. 9⅝ 84	25	90½	91	0	−0⅛	12.49
Pepsico Cap. 9⅛ 84	100	90⅞	91⅜	−0⅛	−0⅛	11.97
Quebec Hydro 10 99	75	87⅜	88⅛	−0⅛	−0½	11.55
Sears Roebuck 8 82	150	92⅞	93⅜	−0⅛	−0⅛	12.75
Statoil 9⅝ 89	100	87⅜	87⅞	−0⅛	−0⅛	11.86
Sweden 9⅝ 89	100	87⅝	88⅛	−0⅛	−0⅞	11.93
Sweden 9½ 88	200	89⅞	90⅜	−0⅛	+0⅛	12.07
Sweden 9¾ 84	100	91⅝	92⅛	−0⅛	−1⅛	12.06
Unilever NV 9⅝ 87	100	87⅜	87⅞	−0⅛	−0⅛	11.82
Warner-Lambert 9 84	100	90	90½	−0⅛	−0⅛	11.81

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	92⅞	93⅜	+0⅛	−1	8.56
Asian Dev. Bk. 7⅛ 89	100	91⅞	92⅜	−0⅛	−1⅛	8.48
Banco Desarrollo 7⅛ 86	100	93	93½	−0⅛	+0⅛	8.64
Barclays O'seas 6¾ 89	100	91⅞	92⅜	−0⅛	−1⅞	7.93
Brazil 8 87	150	95½	96	−0⅛	−0⅛	8.79
CECA 7 91	150	92⅜	92⅞	−0⅛	−0⅞	8.02
Council of Eur. 7⅛ 89	100	95⅜	95⅞	−0⅛	−0⅛	7.93
Denmark 6½ 89	100	88⅞	89⅜	0	−1	8.20
EIB 7½ 89	200	95⅝	96½	−0⅛	−2⅛	8.09
EEC 7⅞ 94	225	96⅜	96⅞	−0⅛	−0⅞	8.29
Eletrobras-Brazil 7 87	100	90⅞	91½	−2⅜	−2⅞	8.89
Eurofima 6½ 89	100	93⅞	94⅜	−0⅛	−0⅛	7.37
Kobe, City of 7⅛ 89	150	93¾	94½	−0⅛	−1⅛	8.00
Mitsubishi Chem. 6½ 84	70	94⅝	95⅛	−0½	−0½	7.82
New Zealand 7⅛ 87	200	93⅜	94⅛	−0⅞	−1½	8.14
Nippon Kokan 6½ 84	100	94½	95¼	−0⅛	+0⅛	7.91
Nippon Tel. & T. 5½ 87	100	86⅜	87	0	+0⅛	8.00
Norges Komm. 7⅛ 91	150	87⅞	88⅜	−0⅞	−1⅛	8.01
Norway 6¾ 84	200	94½	95¼	+0⅛	0	7.65
OKB 6 87	40	91⅞	92⅜	−0⅛	−0½	7.49
OKB 7⅛ 89	100	95½	96⅛	−1⅛	−1⅞	7.99
Petrobras 8 89	125	†95	95⅜	−0⅛	−0⅛	8.71
Tokyo Elec. Pwr. 6½ 85	200	91⅞	92⅜	−0⅞	−1½	8.30
World Bank 7⅛ 91	400	95⅝	96	−0⅛	−2⅛	8.34

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	99⅛	99⅝	0	+0⅛	5.60
Aumar 5 89	60	98⅜	99	0	−0⅛	5.15
Australia 3⅝ 89	250	92½	92⅞	0	−1	4.66
Bergen, City of 4⅞ 91	40	†97	98	+0½	+1½	5.04
BNDE 5 89	75	90⅜	90⅞	+0⅛	0	6.37
BMW Overseas 4¾ 91	100	†96½	97	+1⅛	+0⅛	4.61
Caisse Nat. Tele. 4⅝ 89	100	98⅜	98⅞	+0⅛	0	4.80
Canada 3⅞ 89	300	93⅛	93⅝	0	−0⅞	4.52
Copenhagen 4½ 91	60	96⅛	96⅝	+0½	+0⅛	4.89
EIB 4½ 91	100	91⅞	92⅜	−2⅞	−3	5.41
EIB 4⅝ 94	100	†96	96½	0	+0⅛	4.73
Elet. de France 4⅜ 89	100	96⅜	97⅛	−0⅛	+0⅛	4.77
GZB 4⅛ 89	100	91	91½	−0½	−3⅛	5.41
Hilti 4½ 91	35	99	99⅛	+0⅛	0	4.35
ICI Fin. NV 3½ 94	230	87	87½	+0⅛	+0⅛	4.74
Int.-Amer. Dev 4½ 89	100	93½	93⅞	+0½	0	5.35
Malaysia 5 89	80	92⅞	93⅜	−0⅛	−0⅛	5.95
Nippon Tel. & T 4⅝ 89	100	97⅜	97⅞	+1⅛	+0⅛	4.57
Nordic Bank 5 89	45	100⅜	101⅛	−0⅛	+2⅛	4.87
Norges Komm. 4⅛ 91	100	94⅜	94⅞	+0½	+0⅛	4.97
OKB 3¾ 91	100	87	87⅜	+0⅛	+0⅛	5.25
OKB 4½ 91	100	93	93⅞	+0⅛	−1⅛	5.16
Pfand Ost. Lande 4 90	60	91⅛	92⅛	0	−0⅛	4.97
Philippines 4¾ 89	50	95	95⅛	−0⅛	+0⅞	5.39
Shikoku El. Pwr. 4⅛ 89	100	98⅜	98½	+0⅛	−0½	4.96
Spain 4 91	100	92⅜	93⅜	+0⅛	+0⅛	4.78
Stewoag 4⅞ 91	60	99⅛	99⅝	+0½	−0⅛	4.90
Voest-Alpine 4⅞ 89	90	100⅜	100⅞	−1⅛	+1	4.66
World Bank 4⅝ 89	100	99	99½	+0⅛	+1⅛	4.72
World Bank 4⅛ 89	150	93½	94	+0½	−2⅛	5.20
World Bank 4⅝ 91	100	†94	94⅞	+0⅞	−1	5.30

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	88⅛	89⅛	0	−0⅛	9.11
Australia 6⅞ 88	20	85⅞	86⅞	−0⅛	−0⅛	8.89
EIB 7⅛ 89	12	97⅜	98⅜	−0⅛	0	8.05
Finland 5.6 83	10	88	89	0	0	9.20
Finland 6.8 88	10	88½	89⅛	0	0	8.81

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95	95½	0	0	10.38
Avco Fin. 10⅞ 86 C$	25	87⅞	88⅛	−0½	−0⅛	13.09
Bell Canada 10⅜ 86 C$	60	91⅞	92⅛	−0⅛	−0⅛	12.51
Cr. Foncier 10⅞ 84 C$	30	†88⅛	89½	−0½	−0⅛	13.55
Ex. Dev. Cpn. 10 84 C$	50	91⅞	92⅛	−0⅛	−0⅛	12.33
Fst. Can. Inv. 10 84 C$	50	90⅜	91½	−0½	−0⅛	12.69
Hudson Bay 10½ 89 C$	60	89⅛	90⅛	+0½	−0⅛	12.32
Quebec 10⅜ 86 C$	50	88⅞	89⅝	−0½	−0⅛	12.78
R. Bk. Canada 10 86 C$	40	88⅜	89½	−0½	−0⅛	12.56
R. Bk. Canada 10 84 C$	40	83⅜	83⅞	−0⅛	+0⅛	12.47
Copenhagen 8¾ 91 EUA	25	96⅝	97⅞	−0⅛	−0⅞	8.62
Copenhagen 8¾ 91 EUA	20	102⅛	103⅛	−0⅛	−0½	8.37
SOFTE 8⅛ 89 EUA	40	91⅛	92⅛	−0⅞	−0⅞	9.60
Algemene Bk. 8¾ 84 Fl	75	96⅝	97⅛	0	+0½	9.03
Amev 8½ 85 Fl	75	96⅜	97½	0	+0⅛	9.10
EIB 9 94 Fl	150	98½	99	0	0	9.15
Ned. Middbk. 8¾ 84 Fl	75	96	96½	+0⅛	−0⅛	9.30
Norway 8¾ 84 Fl	100	96⅝	97½	−0⅛	−0⅛	9.13
Norway 8¾ 84 Fl	100	96⅞	97⅜	0	+0⅛	9.03
Air France 11 84 FFr	120	98⅛	98⅞	−0⅛	−1⅛	11.40
Euratom 9¾ 87 FFr	150	86⅜	87⅛	−0⅛	−2⅛	12.83
Finland 11 84 FFr	90	96⅜	97⅛	−0⅛	−0⅛	11.90
Finland 11½ 89 FFr	70	96⅜	96½	−0⅛	−0⅛	12.23
Gaz de France 11 84 FFr	150	96⅞	97⅜	0	−0⅛	11.76
Norway 9¾ 84 FFr	200	89⅛	90⅛	−0⅛	−1⅛	12.44
PSA Peugeot 9¾ 87 FFr	175	†85	86	−0⅛	−2⅛	12.93
Renault 9¾ 85 FFr	100	88⅛	88⅝	−0⅛	−3⅛	12.65
Saint-Gobain 9¾ 89 FFr	130	87⅛	88⅛	+0½	−0⅛	12.58
Solvay et Cie 9¾ 87 FFr	125	86⅞	87⅞	+0½	−1	12.53
Total Oil 9⅞ 87 FFr	150	84	85	−0⅛	−2⅛	12.71
Citicorp 10 93 £	20	83⅜	84⅛	−0⅛	−0⅛	12.48
EIB 9¾ 88 £	25	78⅞	79⅞	−0⅛	−2½	14.10
EIB 11⅛ 91 £	25	86⅜	87⅛	−0⅛	−1½	13.78
Finance for Ind. 13 91 £	15	82⅞	83⅜	−0⅛	−2	14.19
Fin. for Ind. 12½ 89 £	30	88½	89⅛	−2	−3⅛	14.58
Gen. Elec. Co. 12½ 89 £	50	90	90½	−1⅛	−3⅛	14.42
Indonesia 8¾ 91 KD	7	†94½	96	0	0	9.50
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.69
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.51
Occidental 8¾ 91 KD	7	†92⅛	92⅞	0	0	9.31
Akzo 9¾ 87 LuxFr	500	†93	94	0	0	10.49
Euratom 8 87 LuxFr	500	90⅜	91½	−0½	−0⅛	9.78
Norges Kom. 8 86 LuxFr	500	89⅜	90⅜	0	+0⅛	10.01
Oslo, City of 8 89 LuxFr	500	89⅛	90⅛	0	−0⅛	9.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 6 87	0⅛	99	99½	26/4	15⅛	15.87
Bco. Nac. Argent. 7 86	0⅞	96	96½	22/3	13.19	13.70
Banco Prov. BA 7¾ 85	0⅞	97⅛	97⅞	12/12	11	11.27
Banco Urquijo 6 86	0⅜	96⅞	97⅜	21/3	13⅛	13.77
Bque. Indo Suez 5¾ 89	0⅛	97⅞	98⅛	11/1	11	11.24
BNP 5½ 91	0⅛	96⅞	97⅛	22/2	11.94	12.32
Citicorp O/S Fin. 6 94	‡0⅛	99	99½	8/12	12.81	12.91
Citicorp O/S 83	‡0	99½	99⅝	23/11	11.88	11.95
Creditanstalt 5½ 91	‡0⅛	97⅜	98⅛	14/12	12.94	13.20
CNT 5¾ 86	0⅛	98⅞	99⅜	16/4	15.19	15.32
GZB 5½ 89	‡0⅛	98½	99	1/11	11.44	11.53
Jugobanka 8 89	0⅞	94⅜	95⅛	23/11	11⅞	12.47
LTCB Japan 5½ 89	0⅛	98⅛	98⅝	7/12	11⅛	11.31
Mfrs. Han. O/S 5⅛ 94	‡0⅛	99	99½	23/11	12.56	12.66
Nacional Fin. 6⅛ 88	0⅞	96⅛	96⅝	25/1	11½	11.83
Nat. West. 5⅛ 94	0⅛	97⅛	97½	11/1	14.94	15.32
Nippon Cred. Bk. 6½ 86	0⅛	96½	97	12/1	10⅞	11.24
Royal Bank Scot. 5⅛ 94	‡0⅛	98⅝	99⅛	17/1	14.94	15.11
Soc. C. de Bque. 6½ 87	0⅛	96⅝	97⅛	3/4	13⅛	13.88
Sogenal 5¾ 89	0⅛	96	96½	11/1	10.81	11.23
Sweden 6⅛ 91	‡0⅛	97	97½	18/1	15	15.42
Texas Int. Airways 7 86	‡0⅛	95	95½	11/1	15.56	16.34
TVO Pwr. 9 91 (D-lock)	0⅛	96⅞	97⅛	24/11	11⅛	11.47
Utd. Overseas Bk. 6 89	‡0⅛	97	97½	29/12	12.94	13.31
Williams & Glyn 5¾ 91	0⅛	97	97½	14/3	13.38	13.75
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	95	96	18/12	4⅛	4.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 89	10/79	145	90⅝	92⅛	0	−3.52
Alco Int. Fin. 9½ 94	1/80	40	91½	92⅝	−0⅛	18.71
Asahi Optical 7 94	11/79	605	90⅝	91⅝	−3⅛	3.48
Canon 6⅛ 94	8/79	570	91½	92⅞	−1⅛	1.67
Ciba-Geigy O/S F. 4 94	9/79	675	89½	91	−0⅛	1.07
Credit Suisse 4⅜ 93	10/79	1325	102⅜	103⅜	−0½	0.17
Daiei Inc. 6½ 94	11/79	1020	93	94	−0⅛	7.96
Esselte 7⅛ 89	9/79	159	93⅜	95	0	4.41
Honda Motor 5½ 89	6/79	532	†90⅛	91½	−1½	3.89
LPC Internatnl. 8 89	9/79	35	†89⅛	90½	−1½	12.50
Meidensha Elec. 7 84	12/79	210	92	93	−0⅛	30.83
Mitsubishi Cp. 6½ 94	10/79	604	146⅛	148	0	2.64
Nippon Seiko 7⅛ 94	12/79	339	86½	87½	−4⅛	5.36
Nitto Elec. Ind. 6 94	7/79	735	77	78	−0⅛	11.70
Toshiba Cpn. 7⅛ 94	10/79	198	92	93	−2⅛	18.23
Union Bk. Switz. 5 89	2/80	125	103½	104⅛	−0⅛	3.71
Fujitsu 5 84 DM	7/79	475	94⅞	95⅞	−1⅛	28.73
Kansai Elec. 4 84 DM	4/79	1350	84⅛	85½	−0⅛	70.75
Tokyo Elec. 3⅛ 87 DM	4/79	476	95⅞	96⅞	0	111.17
Tokyu Ld. Cp. 4 86 DM	4/79	493	†77½	78½	0	48.93
Uny Co. 6½ 85 DM	11/78	1071	95	96	−0⅛	17.57

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUROBONDS

Dollar issues under pressure

By Our Euromarkets Staff

THE NATIONAL Bank of Cuba's SwFr 30m public bond on the Swiss capital market has been cancelled, Singer and Friedlander AG, the manager, announced in Zurich yesterday.

The managing syndicate decided to withdraw the bond following criticism in the press, according to Singer and Friedlander, a subsidiary of the British merchant bank of the same name.

The decision to cancel was taken despite the fact that the issue's success was ensured by subscriptions from institutional investors before the start of the official subscription period from November 19 to 23.

The issue was originally to be managed by a syndicate led by the Geneva bank, Banque Gutzwiller, Kurz, Bungener. But the bank withdrew under pressure from Bank Leu, which holds a majority of its shares, according to Swiss bankers.

The general move to a 15½ per cent prime rate in the U.S. put Eurodollar bonds under further pressure in early trading, but prices later rallied to show little net change on the day after early losses ranging to half a point.

The extensive amount of short positions in bonds now being held around the market helped to support dollar prices. There was also some genuine investor demand.

Other sectors saw little fresh activity.

A 12-year 25m unit of account (UA) bond issue for the Mortgage Bank and Financial Administration Agency of Denmark, planned with a 9 per cent annual coupon, is now expected to be priced at par when terms are finalised on November 16, according to Kredietbank S.A. Luxembourgeoise, the lead manager.

Fully guaranteed by the Danish Government, the issue is to be redeemable starting in 1982 for an average life of 9.25 years. The exchange rate of the UA is to be fixed when final terms are set, but is anticipated at one UA equalling DM 2.97597.

New Zealand's borrowing need

WELLINGTON—New Zealand will need to borrow between NZ$4bn (U.S.$3.88bn) and NZ$5bn, most of it from abroad, to develop its energy and forestry resources, Mr. Robert Muldoon, the Prime Minister, said yesterady. High prices for oil meant that many energy sources were now viable, he told a businessmen's dinner.
Reuter

CANADIAN COMPANIES

CAE Industries has a good half-year

BY ROBERT GIBBENS IN MONTREAL

ONE OF CANADA'S largest high technology companies, CAE Industries, of Toronto and Montreal, earned C$3m or 53 cents a share in the six months ended September 30, compared with C$2m or 32 cents for the corresponding period of 1978, on revenues of C$115m, against C$88m. These figures reflect a three-for-one stock split in July.

The company specialises in aviation systems, flight simulators and industrial products. Order backlog at September 30 stood at C$256m, against C$283m at the end of March, but it did not include two nuclear power training simulators valued at C$30m. CAE is to build these for Ontario Hydro.

CAE's electronics division continues to capture a substantial share of the commercial flight simulator market. Military aircraft simulators are also performing well. The first pre-production aluminium heads and manifolds for the new Ford Erika car have been delivered and regular production deliveries will start before the end of the year.

Moore Corporation, the world's largest business forms manufacturer, which is based in Toronto but has its major business in the U.S. and other countries, earned U.S.$76.5m or $2.73 a share in the first nine months against $59.3m or $2.12 a share a year earlier, on revenues of $1.1bn against $966m. Profit in the third quarter rose by 31.5 per cent to $26m or 93 cents a share from $19.8m or 71 cents a year earlier.

As a result of recent UK legislation, third quarter income taxes were reduced by $1.5m or 5 cents a share, representing the release of deferred taxes. The current level of earnings should be maintained in the final quarter leading to record results for the full year, the company said.

Algoma Steel more than doubled third-quarter earnings, from $11.6m or 99 cents a share to $24.6m or $2.10 a share, on sales up 36 per cent from $197.6m to $269.9m.

This lifted nine-month profits 76 per cent, from $39.5m or $3.38 a share to $69.6m or $5.95 a share. Sales advanced 29 per cent to $796.3m from $618.1m.

The group said while there is weakness in car markets, demand for steel in other sectors continues to be buoyant, particularly for plate, structurals and seamless tubes.

Petrofina Canada is sharply ahead at the nine-month stage with net earnings up from a corresponding 1978 return of C$13.6m, equal to C$1.36 a share, to C$50.4m or C$5.02 a share. Revenues totalled C$558m, compared with C$420m previously.

Canadian Marconi had a good half-year, earnings increasing from C$2.98m to C$6.15m, or from 50 cents to C$1.03 a share. Revenues rose from C$35m to C$56.4m.

Second quarter earnings were C$3.29m on 55 cents a share.

Legal fight over Marathon bid

BY DAVID LASCELLES IN NEW YORK

A LEGAL battle has erupted over the plan by Penn Central to buy Marathon Manufacturing, the oilrig building concern, whose interests include the ailing Clydebank yard.

Penn Central agreed last August to pay $340m for Marathon. However, terms of the deal included an exchange of securities, and now a large holder of Penn Central shares, Reliance Group of New York, has raised objections.

At the beginning of this week, Reliance filed a statement with the Securities and Exchange Commission saying that it was "unalterably opposed" to the plan and would consider taking appropriate action, including a proxy fight, to block it.

In return, Penn Central filed a Federal suit, accusing Reliance of unlawfully trying to take control of Penn Central. Reliance's chairman, Mr. Saul Steinberg, acknowledged in a statement yesterday that he had raised "an important policy issue" with Penn Central, but he described the lawsuit as a "personal attack on me."

Analysts believe that Reliance, which owns about 10 per cent of Penn Central, fears that its holding will be diluted if the Marathon deal goes through. Reliance has been shoiwng strong interest in Penn Central. It recently bought a large slice of debt in the bankrupt New Haven railroad which, in turn, owns 7 per cent of Penn Central's common shares. Once the New Haven reorganisation is complete, Reliance stands to increase its stake in Penn Central.

Reliance Group is basically an insurance concern, but it is best known in Britain for its leasing subsidiary, Leasco. Penn Central represents the vestiges of the bankrupt Penn Central Railway which emerged from reorganisation last yeas as a going concern with interests in property, energy and amusement parks.

SEC ready to end options trading curbs

By Ian Hargreaves in New York

THE U.S. Securities and Exchange Commission hopes to lift its curbs on the growth of stock options trading by the end of the year.

Mr. Harold Williams, chairman of the commission, said in Washington that he was hoping that a moratorium imposed in 1977, following commision anxities about abuses in options trading, would be lifted before the technical expiry of the moratorium.

The commission is seeking tougher control of options trading by the exchanges which allow such trading—which does not include the New York Stock Exchange — with intensified surveillance of deals and stricter qualifying examinations for securities firms' salesmen involved in options sales.

Options, which allow an individual to buy or sell rights to a limited number of stocks at a fixed price during a specified period, have been traded on some U.S. exchanges for about six years. They are at present listed on the Chicago Board Options Exchange and the American, Philadelphia, Midwest and Pacific exchanges.

$29m Westinghouse settlement

PITTSBURGH — Westinghouse Electric Corporation has reached agreement with Florida Power and Light on a uranium supply suit filed by the utility.

Westinghouse estimated the pre-tax cost of the settlement at $29m, which will be recognised as an extraordinary item in the fourth quarter.

Under the settlement, Westinghouse said it would pay Florida Power $26m in cash within 30 days.

Westinghouse will provide equipment and services to Florida Power at no charge, or with a rebate against the purchase price, from 1979 to 1982. It will also give Florida Power rebates against the purchase price on certain nuclear fuel fabrication services for Turkey Point units three and four.

Westinghouse said it would also sell Florida Power 1m lb of uranium produced at its Bingham, Utah, project from 1987 to 1994, at prices below estimated cost.

It also waived any right to adjust prices on the 715,000 lb of uranium already delivered under a court-ordered allocation plan.

A dispute about Westinghouse's obligation to remove spent fuel from Turkey Point had not been resolved, added the statement.

Westinghouse settled 12 of the original 17 uranium supply lawsuits brought by utilities against it in late 1975.
Reuter

UK tax gain for Woolworth

By Our Financial Staff

THIRD QUARTER results of F. W. Woolworth, the U.S. stores chain which owns 52.7 per cent of F. W. Woolworth of the UK, will include a gain of $13m or 45 cents a share due to changes in British tax law, according to Mr. Edward F. Gibbons, chairman.

Results for the third quarter ended October are due to be released shortly but last week the group reported sales of $501m for the five weeks ended October 21—up 8.8 per cent on corresponding 1978 figures.

Sohio confident on outlook

BY OUR FINANCIAL STAFF

STANDARD OIL of Ohio (Sohio), British Petroleum's U.S. subsidiary, confidently expects profits to continue to flow as freely as its Alaskan oil, according to Mr. Alton W. Whitehouse Jr., chairman and chief executive.

He said fourth-quarter earnings should be ahead of the third-quarter net of $366.2m, or $3.03 a share, and healthy year-to-year increases are expected into 1980. The primary reason is that more oil is flowing through the trans-Alaskan pipeline and it is fetching higher prices than hitherto.

Based on nine-month earnings of $735.1m or $6.10 a share this year, and Mr. Whitehouse's fourth-quarter expectations, net profits for the full year should exceed $1.1bn, which compares with 1978 profits of $450.2m or $4 a share on revenues of $5.2bn.

In the final quarter of 1978, Sohio earned $164.5m, equal to $1.37 a share on revenues of $1.54bn.

Rights offering from Rhone-Poulenc

BY TERRY DODSWORTH IN PARIS

RHONE-POULENC, the French chemical group, is to raise FFr 473.5m ($112.7m) in a one-for-five rights issue which is aimed at increasing its rate of capital spending by about 40 per cent over the next few years.

The issue is by far the biggest on the Paris Bourse this year, and will clearly test the response of the equity market after a period in which some of its earlier buoyancy has disappeared. Rhone-Poulenc's shares closed FFr 5 down on the day at FFr 139.50.

The new FFr 100 nominal shares will be offered at FFr 125, and will qualify for 1979 dividends. Subscriptions, opening on November 19, will run for a month.

With this capital raising exercise, Rhone-Poulenc is signalling its intention to press ahead with a wide range of developments after a long period of financial problems. These difficulties now seem to have been largely resolved.

The company recently announced a sharp increase in net first half results to FFr 300m, and forecast that profits for the year would reach between FFr 500m and FFr 700m compared with FFr 238m last year.

Spending during the period from 1976 to 1978 was held back at a rate of between FFr 1.3bn a year to FFr 1.5bn because of heavy debts which stood at about FFr 12.5bn at the end of last year. Borrowings have been held steady since then, and with the company's share price rising in the wake of its recovery, Rhone-Poulenc has decided that the time is ripe to go to the market for fresh funds.

Main areas of investment spending will be in fine chemicals, agro-chemicals, pharmaceuticals and a FFr 500m acetic acid plant in southern France. At the same time, the company is continuing to pump money into the modernisation of its loss-making textile plants, which are expected to be in deficit until 1981.

Losses in this sector will be around FFr 500m this year, but the company believes they will drop sharply in 1980 and 1981 as the reorganisation and redundancy plan begins to pay off.

Some 30 per cent of this investment is expected to go into Rhone-Poulenc's overseas interest, but the company is on record as saying that this percentage could grow

See Lex

Australian coal stake for Ruhrkohle

By Roger Boyes in Bonn

RUHRKOHLE, West Germany's principal producer of hard coal, has acquired a 10 per cent stake in an international consortium that is planning to exploit vast coal deposits in Australia.

The company is expected to pay DM 100m for the shareholding while the consortium as a whole is investing DM 800m in the deposit which is at German Creek in Queensland. Ruhrkohle made its move through its subsidiary Ruhrkohle Australia. Other members of the consortium include Shell Australia with a 43.3 per cent share, the Australian company Austen and Butta with 26.7 per cent and the British National Coal Board with 18 per cent.

The deposits are believed to be around 320m tonnes and production, due to begin in 1982, will reach an annual level of 3.5m tonnes by 1985. Preliminary delivery contracts have already been signed with Australian, South American and European customers.

The move, approved by the Supervisory Board, is the latest in a series of overseas acquisitions undertaken by Ruhrkohle. Not all of them have proved immediately successful—the U.S. subsidiary Appalachian Resources Company, for example, registered losses of about DM 80m last year, largely because of labour troubles in West Virginia.

Despite this setback, Ruhrkohle has been developing its coking coal interests in Canada and is co-operating in a coal liquefaction project in the U.S.

Enka sees return to profit

BY OUR FINANCIAL STAFF

ENKA, the chemical fibres arm of the Akzo group of Holland, reports solid sales gains for the first nine month of 1979 and expects to move out of the red for the year as a whole.

In the nine months ended September, world-wide sales of the company rose by 15 per cent to Fl 2.97bn ($1.5bn), excluding American Enka. This improved pattern of demand coupled with stock profits looks like putting Enka back into the black this year after net losses of Fl 40m in 1978.

However, the company makes no bones about the fundamental weakness of its trading background. Enka will have sales problems again next year in textiles, the company said in Wuppertal yesterday. European consumption is stagnating, it was stressed.

Customers will be relying on the high level of stocks built up in recent months in an effort to avoid the effects of rising oil prices, the company said. The general decline in tyre sales will also affect industrial fibre sales.

At the same time competition from cheaper chemical fibres produced in the U.S., where raw material costs are estimated to be between 30 and 40 per cent lower, is "another hindrance" to Enka's sales efforts.

The improvement in earnings this year follows largely from increased capacity usage owing to higher production and sales of chemical fibres. Inventory profits, the result of increasing chemical fibre raw material prices, have also given a fillip to earnings, but are unlikely to do so in 1980. The company has had to pay an extra Fl 200m this year for raw materials an increase which has only partly been passed on in higher prices.

● The Dutch Government is to return to the Amsterdam capital market with a ten-year issue of bonds carrying a coupon of 9¼ per cent. The minimum tender price will be set next Tuesday. The Government raised Fl 500m in September through an offering of 10-year bonds. That issue carried a coupon of 8¾ per cent and was priced at a minimum of 100.5.

Increased earnings from Swiss Reinsurance

BY JOHN WICKS IN ZURICH

HIGHER profits are reported by Swiss Reinsurance for the year ended June, 1979. Group net earnings are 7 per cent up at SwFr 119m ($72.2m) while net premium income improved to SwFr 5.8bn, a gain of almost 6 per cent.

The Reinsurance companies within the group increased their joint profits by SwFr 5m to SwFr 97m over the year. While their underwriting results showed a loss in respect of casualty and non-life business of SWFr 9m in comparison with an underwriting profit of SwFr 4m, underwriting profits from life reinsurance rose sharply from SwFr 37m to SwFr 53m.

The direct-insurance members of the group include the Switzerland General concern, the numerous German insurers owned by the sub-holding company Sr. Beteiligungen, and General Surety and Guarantee company of the UK. Combined net profits of this division were SwFr 22m

● The recent weakness of the Swiss capital market has resulted in two notable new issue casualties. Swissair has been forced to reduce the issue price of its SwFr 80m offering from par to 99 while the new funding from the Swiss Government has been cut back to SwFr 200m from an expected SwFr 250m.

Export credit guarantee for Burmeister

By Hilary Barnes in Copenhagen

THE BOARD of the troubled Danish engineering and shipbuilding concern Burmeister and Wain (B and W) agreed yseterday to accept Government conditions for an extension of an export credit guarantee of DKr 100m ($19m) which will enable the group's Copenhagen shipyard to complete negotiations for several bulk carriers of about 60,000 dwt each.

The Government decided to give the guarantee following a deal between B and W and the West German engineering concern MAN which will provide the Danish group with a cash injection of about DKr 300m.

PIRELLI MANAGEMENT CHANGES

In search of a greater European role

BY RUPERT CORNWELL IN ROME

THE PRESIDENT of Industrie Pirelli SpA, Sig. Leopoldo Pirelli, is to step down as part of a sweeping overhaul of the top management structure of the Italian tyre and cable group, which is closely linked with Dunlop Holdings in the Dunlop-Pirelli Union.

In essence, Sig. Pirelli, whose family has controlled the group since its origin in the 19th century, is giving up the day-to-day control of the main Italian manufacturing company to take fuller charge of the overall strategy of Pirelli.

To this end, Sig. Pirelli will become vice-president of the Basle-based Société Internationale Pirelli, while remaining at the head of the Italian holding company Pirelli SpA.

At the same time the overall affairs of the group will be looked after by a newly-created executive committee consisting of himself, the vice-president Sig. Emanuele Dubini and the present managing director of Industrie Pirelli, Sig. Filiberto Pittini.

Sig. Pittini in turn becomes the new presdent, as well as managing director of Industrie Pirelli. He will have under him as newly-appointed director general Sig. Luciano Isola, formerly head of Pirelli Brasiliera, the group's major Brazilian offshoot. His task will be above all to turn around the troubled tyre division of the group.

In a rare press interview, Sig. Pirelli confirmed that the tyre activities of Pirelli, which account for around one-third of its world sales of some $3bn per year, were still producing losses.

The division showed an overall loss of L30bn ($36m) in 1978, enough to ensure that Industrie Pirelli reported a deficit of L2.2bn for the year, despite the sale of the Pirelli skyscraper in Milan to the Lombardy regional authority for L26.5bn.

Pirelli's departure from its celebrated headquarters, likely to be completed around the end of this year, is the most tangible symbol of the decline in the group's influence in the complicated web of Italian finance and industry.

At the heart of its problems lies the overcapacity which plagues much of the world tyre industry, particularly since the introduction of the long-life radial tyre which has drastically reduced the need for replacements. At the same time, the energy crisis has driven up raw material costs when profit margins were under pressure.

Sig. Pirelli declared that the changes at the top did not mark the beginning of his own disengagement from the management of the Pirelli empire — although for the first time a Pirelli will no longer be at the head of the central operating company, Industrie Pirelli, which accounted for L654bn of the group's 1978 sales of L800bn in Italy.

His own move, he declared, was a reflection of the greater Europeanisation of Pirelli. Sig. Pirelli acknowledged that his target was to reduce the Italian sales to around 40 per cent of the worldwide total, but denied that the shake-up was part of a planned strategic withdrawal of the group from its home country.

In fact, Pirelli is hoping to get its tyre operations back into profit within the next four or five years. This aim underlies the plan announced last summer for a capital increase by Industrie Pirelli to L163bn from the previous L78bn.

Government approval has been won for the scheme, which involves a consortium of banks headed by Mediobanca putting up L40bn of fresh capital. This will go exclusively to the tyre division, which will be hived off from the flourishing cable and other activities.

A second aim of the management changes, Sig. Pirelli made clear, was to create a more coherent structure for the group's dealings with Dunlop, which has a 30 per cent stake in Industrie Pirelli matched by the 49 per cent holding of Pirelli SpA in Dunlop.

He defended the basic principle of the union, to which the British group has been gradually reducing its commitment by not following capital increases by the Italian company —but admitted that the way it had been carried out was open to criticism.

Above all, economic difficulties in Italy had prevented the rationalisations upon which rested the logic of the plan for union. But these were more necessary now than ever before, he declared.

Mitsubishi Motors profits reach record level

BY RICHARD C. HANSON IN TOKYO

MITSUBISHI MOTORS Corporation, which sells its cars in the U.S. through the financially troubled Chrysler Corporation, has reported record net profits and sales for the first half of the financial year. Shipments of cars to the U.S., however, fell because of Chrysler's problems.

Net profit rose 36 per cent to Y9.81bn ($40.9m). Sales increased 3.6 per cent to Y451.07bn ($1.9bn). Exports, at 41 per cent of sales, were down 12.6 per cent as a result of slower shipments of its subcompact cars to Chrysler.

Shipments to the U.S. fell to 67,000 units from 77,000 in the prior half year and 84,000 units a year earlier. Overall exports were down to 128,500 units from 151,200 cars a year ago, but this was made up for by brisk domestic sales.

The decline in exports is mostly the result of Chrysler's attempt to sell off inventories of its own cars, using a rebate system which does not apply to the Mitsubishi-made cars. Shipments apparently have not been hurt so far by the recent suspension of Japanese bank credits to finance Mitsubishi car exports to Chrysler. They have continued on a document-against-payment basis.

Prospects for the second half remain clouded because of the difficulty in selling cars in the U.S. Mitsubishi aims to sell 520,000 cars, trucks and buses in the current half-year, with about 280,000 destined for overseas markets.

This will raise the proportion of exports to production to 50 per cent from 41 per cent in the first half. The company, which is owned 85 per cent by Mitsubishi Heavy Industries and 15 per cent by Chrysler, has recently renegotiated its agreement with Chrysler on sales in markets outside the U.S. It will now have more direct control over shipments and pricing in those markets.

Mitsubishi has yet to agree with Chrysler on an independent marketing network in the U.S.

Japanese textile majors ahead

BY OUR TOKYO CORRESPONDENT

THE MAJOR Japanese synthetic textile makers yesterday reported improved earnings and sales for the half-year ended September 30 as a result of production cutbacks which allowed prices to keep pace with sharply higher raw material costs.

Demand for their products is showing signs of slackness, however, and the industry will probably have to continue in some modified form the official controls on production now being monitored by the Ministry of International Trade and Industry (MITI), which expire in December.

Toray Industries, the largest of the synthetic fibre companies, with wide overseas operations, had a 33 per cent (non-consolidated) increase in net profit to Y7.37bn ($30.7m), on a sales increase of 11.1 per cent to Y227.130bn ($917m). Most of the profit increase was however, in divisions other than synthetic fibres, where sales rose 6.2 per cent over the year-earlier half. Plastics sales were up 16.9 per cent and chemicals rose 55.5 per cent.

Asahi Chemical Industries had an 18 per cent rise in sales to Y249.54bn and a 77.5 per cent jump in net profit to Y5.62bn. Teijin posted a net profit of Y3.73bn compared with only Y179m, on a sales increase to Y189.83bn from Y171.34bn. Toho Rayon's net profit rose by 51.7 per cent to Y880m, on a sales increase of 6 per cent to Y34.33bn.

Raw materials for the textile industry, particularly naphtha, have risen in price by 30-40 per cent over the past year. Most of the companies have been able to cover those increases by about 80 per cent by raising the prices of their products.

Earnings fall for Seiko

By Our Tokyo Correspondent

K. HATTORI AND CO., the manufacturers of Seiko watches which is closely held by the Hattori family, reported a drop in net profit by 21 per cent to Y1.76bn ($7.4m) for the September 30 half year with sales up 2.8 per cent to Y140.25bn ($588m).

For the full year, Hattori is projecting a 1.6 per cent increase in sales to Y285bn while net profit is expected to drop nearly 20 per cent to Y4bn.

First half decline at Hitachi Shipbuilding

TOKYO — Hitachi Shipbuilding and Engineering yesterday reported a 58 per cent fall in after-tax profit to Y442m ($1.84m) for the first half-year ended September 30 from Y1.05bn in the same 1978 period, on sales down 12 per cent to Y109.64bn ($456.8m) from Y125.19bn.

The company has forecast that its after-tax profit in the year ending March 31 will fall to about Y1bn from Y3.75bn last year, on sales of Y270bn, up from Y257.78bn.

Total sales are expected to comprise Y120bn of ships and Y150bn of land machinery.

Earnings per share fell to Y0.12 from Y0.99.

First-half sales comprised Y66.15bn of ships including repairs, up from Y59.30bn in the 1978 first half, and Y43.48bn of land machinery, down from Y65.89bn. Exports sales fell to Y109.64bn from Y125.19bn.

Orders received in the first half year totalled Y174.00bn including Y55.36bn for ships.

Agencies.

Sharp upturn for Hino

By Yoko Shibata in Tokyo

HINO MOTORS, Japan's top manufacturer of trucks, and a member of the Toyota Motor group, raised its first-half operating profits by 85 per cent to a record Y6.67bn ($27.8m). Net profits rose by 51.2 per cent to Y3.04bn, on sales up 13.6 per cent to Y179.82bn ($749m). Per share profits were Y10.26, compared with Y6.9.

Sales of trucks went up by 27.5 per cent to 37,253 units, helped by the enforcement of a regulation on excess loading.

The company's exports in the five months to September went up by 5 per cent to Y31.45bn (10,026 units) to account for 17.4 per cent of total sales.

Operations were running at 100 per cent of capacity, so reducing fixed cost. In particular, strong sales of large trucks with higher added value contributed to the earnings improvement. This offset the drop in car assembly work subcontracted by Toyota (down 18 per cent to 112,367 units).

Another factor accounting for the strength of earnings was the reduction of Hino's interest payment burden. Net financial income (interest and dividends received less interest and dividends paid) amounted to Y10bn, reflecting a Y24bn reduction in borrowings in the previous fiscal year and a reduction of Y5bn in the first six months of this.

Hino faces uncertainties over such factors as petrol prices and the level of economic activity in the private sector in the current half-year, ending in March. It has therefore set modest targets of earnings and sales for the full year. Sales are expected to reach Y359bn, up 9 per cent, operating profits Y11.1bn, up 30 per cent, and net profits Y5.3bn, up 26 per cent.

Despite current buoyant sales of trucks, the company sees a future slowdown of demand for trucks due to a longer life span resulting from the loading regulation.

CSR BID FOR THIESS

Sugar group aims at energy lead

BY JAMES FORTH IN SYDNEY

CSR'S AMBITIOUS A$465m (U.S.$517m) takeover offer for Thiess Holdings, one of Queensland's largest home-grown groups, is aimed at turning the former sugar group into one of the country's largest natural resource concerns — particularly in the energy resources field. CSR first moved into coal in a small way in 1973 with the acquisition of an interest in the New South Wales group, Buchanan Borehole Collieries. Its coal interests were gradually built up but in 1977 its started a sustained drive to expand in coal with a takeover bid for the mining group, AAR.

The major prize was control of the Hail Creek coking coal project and this brought it into conflict with Conzinc Riotinto of Australia (CRA), the local offshoot of the UK mining House, Rio Tinto-Zinc Corporation. CSR won that round and ended up with 83 per cent of AAR and control of Hail Creek, though CRA retained a minority stake. CRA won the next round in 1978 when it played a large part in persuading the Australian Government to change its foreign ownership guidelines to grant "honorary" Australian status to companies, such as CRA, which made a public commitment to lift their local equity to 51 per cent.

CSR strongly opposed this move and claimed that it would lead to the foreign takeover of much of Australia's natural resources. CRA is currently involved in a takeover contest for the local mining house, BH South. Its A$190m offer has been topped by an A$210m offer from the Australian group, Western Mining Corporation, which until CSR's Thiess move was the largest bid made in Australia for a listed company. A strong rivalry exists between CSR and CRA and the latter group's bid for South played a part in the moves by CSR.

The directors of CSR stressed yesterday that their offer—described as a merger against a background of state rights' feelings in Queensland — would "safeguard against a foreign takeover of Thiess, ensuring it remains under Australian ownership." If CSR succeeds its market capitalisation will leap from around A$700m to A$1.3bn, boosting it from seventh largest company in the country broadly to share equal second with CRA. Acquisition of Thiess would dramatically boost CSR's coal interests—Thiess directors recently estimated the company's coal reserves at more than 8bn tonnes, much of it in steaming coal to be applied to power generation.

Steaming coal is in a strong growth phase as power utilities are switching from oil, and downgrading earlier expectations of uranium usage. CSR would probably still be behind the Utah Group as the largest coal producer in Australia (mainly in coking coal), but the development projects under consideration would give CSR the edge if they come to fruition. The Thiess bid comes only a few weeks after CSR made a bid worth close to A$50m to obtain full ownership of the major Western Australian coal producer, Western Collieries.

The Thiess operation was launched late last month with a lightning sharemarket raid for 11m shares, or 16.8 per cent of the capital, at A$6.74 a share, or A$1.79 above the ruling price. The raid languished until the Queensland Government, urged on by the Thiess chairman, Sir Leslie Thiess, indicated that it might block CSR. This led Thiess holders into unloading on the market, and CSR ended up with 12.5m shares, or 19.1 per cent. Moreover, the State Government backed off, and has already indicated that it will stay out of the renewed battle.

The directors of Thiess claimed that CSR had picked up its strategic stake too cheaply and commissioned an independent valuation by the merchant bank BA (Australia), a subsidiary of the Bank of America, and the leading sharebroking firm, Potter Partners. This valaution released early yesterday indicated that the Thiess group was worth between A$602m and 9$859m, A$9.19 to A$13.12 a share. The existing coal mining operations, projected developments and reserves were valued between A$545m and $A784m, leaving its construction, motor vehicle and other assets at only A$57m to A$75m.

The Thiess board compared the sharemarket performance of CSR over the past five years unfavourably with that of Thiess and maintained that holders would be better to stay with a predominantly coal group rather than be "dispersed in a large conglomerate." The valuation appears to have provoked CSR into bringing forward its plans. The directors announced the profit figures for the September half-year—which revealed a 48 per cent boost in group earnings to A$41m (U.S.$45m)—and lifted the interim dividend from 7.5 cents a share to 9 cents about two weeks ahead of schedule.

CSR capped this with its offer for th remaining shares, which had the desired effect of overshadowing the Thiess defence tactics. CSR is offering five of its shares plus A$5.40 cash for every four Thiess shares or A$6.74 cash—the price it paid in the market raid. CSR is well on the way because one of the major shareholders, the life office, AMP Society has already indicated that it believes the offer is fair, and intends to accept for its 10.3 per cent stake. The oil major Shell, with 15.8 per cent, and Japanese interests, which recently bought about 9 per cent on the market, probably hold the key.

Observers consider that Shell will accept because, like the AMP Society, it is interested in participating in the Thiess resource projects

National Bank of Australasia well up

BY JAMES FORTH IN SYDNEY

THE National Bank of Australasia boosted group profit by almost 30 per cent to A$69.5m (U.S.$77.2m) from A$53.5m in the year to September 30 and plans a one-for-five scrip issue. Once again earnings from the group's banking operations played the major role in the improvement, ahead of the finance company and insurance activities.

The dividend has been raised from 15 cents a share to 16 cents, and the directors expect to maintain this level on capital increased by the scrip issue. Banking profits jumped 39 per cent from A$35.5m to A$49.4m.

Earlier this week the group's wholly-owned finance company, Custom Credit Corporation, reported an 11 per cent gain in earnings from A$18.0m to A$20.1m. It said the modest increase was the result of intense competition.

Total group revenue rose by 12 per cent to A$793m. The directors said that the increased banking profits came from higher lending and better interest margins.

هكذا من الأصل

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For the attention of Mr. David Rowe-Ham

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CURRENCIES, MONEY and GOLD

Sterling falls

STERLING LOST ground sharply in late trading on selling pressure from New York. The pound opened at $2.1045-2.1055, and touched $2.1060-2.1070 on hopes of a rise in Bank of England Minimum Lending Rate. With MLR unchanged sterling declined to $2.0950 at noon, and was steady around this level until shortly before the close, when it fell to $2.0840-2.0850, before finishing at $2.0845-2.0855, a fall of 2.10 cents on the day. The pound's index, as calculated by the Bank of England, did not reflect the late fall however, rising to 67.3 from 67.2, after standing at 67.5 in the morning, and 67.4 at noon.

The dollar was firmer against the D-mark, rising to DM 1.7925 from DM 1.7860. It also improved against the Swiss franc, closing at SwFr 1.6450, compared with SwFr 1.6330, and rose to Y241.30 from Y240.20 in terms of the Japanese yen. The lack of any further bad news from Iran helped to take some of the pressure of the dollar and the yen. The U.S. currency's trade-weighted index, on Bank of England figures, rose to 87.1 from 86.9.

FRANKFURT—The dollar rose to DM 1.7922 from DM 1.7869 against the Deutsche Mark in quiet trading at yesterday's fixing. The U.S. currency tended to improve on the absence of any further news from Iran, and was also helped by the rise in Chase Manhattan Bank's prime lending rate. The pound fell from its best levels, but was fixed higher on the day at DM 3.7570, compared with DM 3.7320, while the Japanese yen continued to suffer from worries about Japan's dependence on Iranian oil.

BRUSSELS — The Beglian franc continued to weaken at the bottom of the European Monetary System. The Deutsche Mark rose to BFr 16.1770 from BFr 16.1680, the French franc to BFr 6.8915 from BFr 6.8880, and the Italian lira—the strongest member of the system — to BFr 3.4955 per 100 lira from BFr 3.4907½. The Danish krone improved to BFr 5.4700 from BFr 5.4650, and the Dutch guilder to BFr 14.56 from BFr 14.5475, while the Irish punt rose to BFr 60.00 from BFr 59.80. Outside the EMS, the dollar rose to BFr 28.99 from BFr 28.89, sterling to BFr 60.7975 from BFr 60.34, and the Swiss franc to BFr 17.6425 from BFr 17.64.

PARIS—The D-mark eased to FFr 2.3473 from FFr 2.3480 at yesterday's fixing. Other EMS currencies showed mixed changes with the Belgian franc—the weakest member—falling to FFr 14.5050 per 100 Belgian francs from FFr 14.5250. The lira improved to FFr 5.0715 per 1,000 lira from FFr 5.0660, and the Danish krone to FFr 7.9380 per 10 krone from FFr 7.9350. Of non-EMS currencies the Swiss franc eased to FFr 2.5603 from FFr 2.5632, while sterling rose to FFr 8.8175 from FFr 8.77, and the dollar to FFr 4.2055 from FFr 4.1960.

AMSTERDAM — The D-mark was unchanged at Fl 1.1117 against the guilder at the fixing. The French franc fell to Fl 4.7325 per 10 francs from Fl 4.7340, and the Belgian franc to Fl 6.8670 per 100 francs, from Fl 6.8770. The lira — the strongest member of the EMS — rose to Fl 2.4020 per 100 lira from Fl 2.3990.

TOKYO — The dollar rose to a high point of Y242.05 against the yen — the highest level since January 30, 1978 — before closing at Y241.37½, compared with Y240.15 previously. The Bank of Japan sold about $250m to support the yen, which came under heavy pressure on expectations of a cut back in Iranian oil supplies.

THE POUND SPOT AND FORWARD

Nov. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0840-2.1070	2.0845-2.0855	0.03-0.13c dis	−0.46	0.17-0.27dis	−0.42
Canada	2.4720-2.4980	2.4725-2.4735	0.22-0.12c pm	0.82	0.77-0.67 pm	1.16
Nethlnd.	4.15-4.19	4.15½-4.16½	2-1c pm	4.32	5½-4½ pm	4.67
Belgium	60.40-60.90	60.50-60.60	5c pm-5c dis	—	20-10 pm	0.99
Denmark	11.05½-11.12½	11.06-11.07	3-5ore dis	−4.34	8½-10½ dis	−3.27
Ireland	1.0100-1.0165	1.0115-1.0125	0.23-0.33p dis	−3.32	0.65-0.75dis	−2.77
W. Ger.	3.73½-3.77	3.74-3.75	2⅛-1⅛pf pm	6.01	6½-5½ pm	6.41
Portugal	105.00-106.30	105.10-105.40	45-95c dis	−7.98	100-200 dis	−5.68
Spain	138.90-140.15	138.95-139.05	80-130c dis	−9.06	220-320 dis	−7.77
Italy	1,731-1,742	1,731½-1,732½	¾-2¾ lire dis	−1.73	5-7 dis	−1.73
Norway	10.50-10.56	10.50¾-10.51¾	2½-½ore pm	1.71	5-3 pm	1.52
France	8.76-8.83	8.77-8.78	1½-½c pm	1.36	2½-1½ pm	0.91
Sweden	8.86½-8.92½	8.87-8.88	2ore pm-par	1.35	6-4 pm	2.26
Japan	502-512	503½-504½	3.35-2.95y pm	7.50	9.45-9.05 pm	7.34
Austria	26.82-27.07	26.85-26.90	17-7gro pm	5.36	50-40 pm	6.69
Switz.	3.43-3.46	3.43¼-3.44¼	3⅞-2⅞c pm	11.77	10½-9½ pm	11.46

Belgian rate is for convertible francs. Financial franc 61.60-61.70c pm. Six-month forward dollar 0.03-0.13c dis, 12-month 0.90-0.80c pm.

THE DOLLAR SPOT AND FORWARD

Nov. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0840-2.1070	2.0845-2.0855	0.03-0.13c dis	−0.46	0.17-0.27dis	−0.42
Ireland†	2.0615-2.0700	2.0615-2.0665	0.45-0.25c pm	2.03	0.90-0.60 pm	1.45
Canada	1.1853-1.1857	1.1853-1.1856	0.06-0.02c pm	0.40	0.37-0.33 pm	1.20
Nethlnd.	1.9865-1.9940	1.9895-1.9910	0.92-0.85c pm	5.33	2.70-2.60 pm	5.32
Belgium	28.88-29.01	28.97-28.98½	3½-2½c pm	1.24	13-11 pm	1.66
Denmark	5.2985-5.3085	5.2985-5.3000	1.40-1.90ore dis	−3.74	4.0-4.5 dis	−3.21
W. Ger.	1.7835-1.7950	1.7920-1.7930	1.05-0.95pf pm	6.69	3.10-3.00 pm	6.81
Portugal	50.33-50.50	50.33-50.43	15-25c dis	−4.76	30-65 dis	−3.77
Spain	66.55-66.72	66.56-66.58	0.40-0.60c dis	−9.01	110-135 dis	−7.36
Italy	829.10-829.80	829.20-829.60	par-0.40 lire dis	−0.29	1.70-2.10dis	−0.92
Norway	5.0320-5.0380	5.0350-5.0360	1.0ore pm-par	1.19	2.50-1.50 pm	1.59
France	4.2015-4.2075	4.2015-4.2030	0.72-0.62c pm	1.91	1.65-1.45 pm	1.47
Sweden	4.2453-4.2470	4.2460-4.2470	1.0-0.80ore pm	2.54	3.10-2.90 pm	2.82
Japan	240.70-242.30	241.25-241.35	1.65-1.50y pm	7.83	4.65-4.50 pm	7.58
Austria	12.86¼-12.88	12.86¾-12.87¾	8.0-7.50gro pm	7.22	22.75-21.25pm	6.24
Switz.	1.6340-1.6480	1.6445-1.6455	1.77-1.72c pm	12.73	4.96-4.91 pm	12.00

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Nov. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.617575	0.665145
U.S. $	12	1.29011	1.38697
Canadian $	14	1.52852	1.64204
Austria Sch.	3¾	16.5779	17.8226
Belgian F.	10	37.2713	40.0523
Danish K.	11	6.84081	7.33154
D Mark	6	2.30830	2.47769
Guilder	8½	2.56216	2.75314
French Fr.	9½	5.41350	5.81696
Lira	12	1067.89	1147.72
Yen	6¼	309.368	332.873
Norwgn. Kr.	7	6.48925	6.96607
Spanish Pts.	8	85.9729	92.4001
Swedish Kr.	6	5.47458	5.88007
Swiss Fr.	2	2.11256	2.26839

CURRENCY MOVEMENTS

Nov. 8	Bank of England Index	Morgan Guaranty changes %
Sterling	67.3	−38.5
U.S. dollar	87.1	−6.0
Canadian dollar	80.3	−17.9
Austrian schilling	165.8	+23.8
Belgian franc	115.1	+14.3
Danish kroner	114.6	+2.6
Deutsche mark	156.3	+45.7
Swiss franc	201.2	+82.6
Guilder	124.8	+19.5
French franc	101.0	−6.0
Lira	54.8	−49.8
Yen	118.5	+17.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 8	£	$		Note Rates
Argentina Peso	3204-3224	1536-1546	Austria	26.75-27.05
Australia Dollar	1.9130-1.9170	0.9130-0.9135	Belgium	61.90-62.50
Brazil Cruzeiro	64.05-65.05	30.70-31.20	Denmark	11.08-11.18
Finland Markka	7.9334-7.9581	3.8110-3.8130	France	8.79-8.85
Greek Drachma	77.770-78.375	37.30-37.45	Germany	3.75-3.78
Hong Kong Dollar	10.51-10.53	5.0270-5.0300	Italy	17.15-17.70
Iran Rial	146.50-154.0	70.30-73.90	Japan	5.08-5.13
Kuwait Dinar (KD)	0.581-0.591	0.2798-0.2799	Netherlands	4.16-4.19
Luxembourg Frc.	60.50-60.60	28.97-28.99	Norway	10.53-10.61
Malaysia Dollar	4.6860-4.6970	2.1905-2.1915	Portugal	103½-110
New Zealand Dlr.	2.1655-2.1715	1.0335-1.0350	Spain	137-146
Saudi Arab. Riyal	7.01-7.11	3.3705-3.3710	Switzerland	3.43-3.46
Singapore Dollar	4.5730-4.5840	2.1855-2.1865	United States	2.09-2.10
Sth. African Rand	1.7350-1.7380	0.8280-0.8290	Yugoslavia	45½-47

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.1185	+0.68	+0.69	±1.53
Danish Krone	7.36594	7.33203	−0.46	−0.46	±1.635
German D-Mark	2.48557	2.47904	−0.26	−0.26	±1.125
French Franc	5.85522	5.81855	−0.63	−0.62	±1.3575
Dutch Guilder	2.74748	2.75363	+0.22	+0.23	±1.515
Irish Punt	0.662141	0.669912	+0.12	+0.12	±1.665
Italian Lira	1159.42	1148.34	−0.96	−0.96	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Nov. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.085	3.745	504.0	8.776	3.433	4.160	1732.	2.473	60.65
U.S. Dollar	0.480	1.	1.796	241.7	4.209	1.649	1.995	830.8	1.186	29.04
Deutschemark	0.267	0.557	1.	134.5	2.343	0.918	1.111	462.6	0.660	16.17
Japanese Yen 1,000	1.984	4.137	7.431	1000.	17.41	6.820	8.254	3437.	4.907	120.1
French Franc 10	1.140	2.376	4.268	574.4	10.	3.917	4.741	1974.	2.818	69.00
Swiss Franc	0.291	0.607	1.089	146.6	2.553	1.	1.210	503.9	0.719	17.61
Dutch Guilder	0.240	0.501	0.900	121.2	2.109	0.826	1.	416.4	0.594	14.56
Italian Lira 1,000	0.577	1.204	2.162	291.0	5.066	1.984	2.402	1000.	1.428	34.95
Canadian Dollar	0.404	0.843	1.514	203.8	3.548	1.390	1.682	700.5	1	24.48
Belgian Franc 100	1.652	3.443	6.186	832.4	14.49	5.677	6.870	2861.	4.084	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.10-15.20 per cent; three months 15.55-15.65 per cent; six months 15.25-15.35 per cent; one year 14.00-14.10 per cent.

Nov. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	13⅞-13⅝	14-14½	11-12	9⅞-10⅛	⅞-1	8⅛-8¼	12-12½	11-13	—	4⅞-5⅝
7 days' notice	13⅞-14⅛	14¼-14½	12-13	9⅝-9⅞	1⅛-1⅛	8⅛-8¼	12-12¼	13-15	14¼-14½	6¼-7¼
Month	14⅞-15⅛	15 1/16-15 3/16	13¼-13⅝	9¾-10	2½-2¾	8⅝-8⅞	15¼-15½	15-16	15 1/16-15 3/16	6¾-7⅜
three months	15¼-15½	15¾-16	14¼-14½	10⅛-10⅜	3 5/16-3½	8½-9	14⅛-14⅜	15½-16½	15¾-15⅞	7½-8 1/16
six months	15⅝-15⅞	15⅜-15⅝	13⅞-14¼	10¼-10½	4⅛-4⅛	8½-8⅞	14⅛-14⅜	16¼-17¼	15⅜-15⅝	7½-8
one year	14⅞-15⅛	14¼-14½	13¼-13⅝	10-10¼	4⅛-4¼	8⅛-8⅝	14-14¼	16-17	14 1/16-14 3/16	7.75⅛

Long-term Eurodollar two years 13-13⅛ per cent; three years 12⅞-12⅞ per cent; four years 12⅜-12⅞ per cent; five years 12-12⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French rates firm

Call money reached a new three-year peak in Paris yesterday when it was quoted at 12 per cent, the first time it has touched this level since October, 1976. Wednesday's rate was 11⅞ per cent. Period rates were also firmer with one-month money at 12⅛-12½ per cent from 12⅛-12⅜ per cent from a previous common level of 12⅛-12⅜ per cent. French interest rates have been rising steadily just recently in line with many other European countries, and yesterday the French franc maintained its position as the second most improved currency within the EMS.

FRANKFURT — Call money rose to 7.80-8.00 per cent from 7.45-7.55 per cent and one-month money was slightly up at 8.30-8.45 per cent compared with 8.30-8.40 per cent. The three-month rate was quoted at 9.60-9.80 per cent against 9.65-9.75 per cent with six-month money at 9.30-9.50 per cent against 9.30-9.40 per cent. The 12-month rate stood at 8.90-9.10 per cent from 8.90-9.00 per cent on Wednesday.

NEW YORK—The Bank of New York was first to follow Wednesday's move by Chase Manhattan in increasing its prime rate to 15¾ per cent from 15½ per cent yesterday and other banks now seem likely to follow suit. Early trading in Treasury bills showed no appreciable change in yields.

AMSTERDAM — Interbank money rates showed an easier tendency throughout, much in line with market expectations, with call money at 9½-10 per cent compared with 10-10½ per cent on Wednesday, and one-month money easing to 10⅛-10⅜ per cent from 10⅝ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 14 1/16-14 3/16 per cent for one-month, 14 7/16-14 9/16 per cent for three-month, 13 15/16-14 1/16 per cent for six-month, and 13-13¼ per cent for one-year.

GOLD

Weaker trend

Gold fell $5½ to close at $389-$391 in moderate trading. The level of bids at the latest IMF auction was above expectations, but the average price paid was considered neutral. The metal opened at $392-394, the highest level of the day, falling to its lowest point at the close. It was fixed at $392.50 in the morning, and $389.50 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 54,300 per kilo ($401.60 per ounce) in the afternoon, compared with FFr 54,575 ($403.19) in the morning, and FFr 54,450 ($403.61) Wednesday afternoon.

	November 8		November 7	
Gold Bullion (fine ounce)				
Close	$389-391	(£176¼-177¼)	$395-396	(£187½-188)
Opening	$392-394	(£176½-177½)	$392½-394½	(£187.7-188.7)
Morning fixing	$392.50	(£187.297)	$392.50	(£188.096)
Afternoon fixing	$389.50	(£185.653)	$395.00	(£188.517)
Gold Coins				
Krugerrand	$400-401½	(£191¼-192¼)	$405¾-407¾	(£192¾-193¾)
Mapleleaf	$404-409	(£193½-197½)	$411-416	(£195-200)
New Sovereigns	$101-102	(£48¼-49¼)	$101½-102½	(£48-49)
King Sovs	$110-112	(£52½-54)	$113-115	(£53½-55)
Victoria Sovs.	$111-113	(£53-54½)	$114-116	(£54-55½)
Fr20 Napoleon	FFr410-420	(SFr150-163)	FFr420-430	(SFr163-166)
50 pesos Mexico	$485-487		$490-492	
100 Cor. Austria	$381-384		$387-390	
$20 Eagles	$499-503		$507-510	
$10 Eagles	$260-275		$272-287	
$5 Eagles	$226-245		$225-245	

UK MONEY MARKET

No change in MLR

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Although there was little expectancy of any change, the absence of any announcement by the Bank of England thus leaving MLR at 14 per cent, brought a general sigh of relief in the London money market yesterday. Uncertainty within the market was exacerbated somewhat by the authorities being caught slightly off balance by this week's banking figures. The next hurdle would appear to be today's Treasury bills tender, the result of which should cast some light on future market trends. Interest rates yesterday were quoted on a very nominal basis, with Treasury bills showing a one point spread. In view of the current uncertainty rates were marked up, with three-month interbank money reaching 15 7/16-15 9/16 per cent compared with 15-15⅛ per cent on Wednesday.

With day to day credit a little on the short side, the authorities intervened by buying a small amount of Treasury bills and a small number of local authority bills, all direct from the discount houses, as well as lending a small amount to one or two houses at MLR for repayment today. Total assistance was still termed as small. The market was faced with the unwinding of a previous sale and repurchase agreement of a large number of Treasury bills and local authority bills, and a small net take up of Treasury bills to finance.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK	
Prime Rate	15¼-15½
Fed Funds	13⅞
Treasury Bills (13-week)	12.46
Treasury Bills (26-week)	12.44
GERMANY	
Discount Rate	6
Overnight Rate	7.90
One month	8.37½
Three months	9.70
Six months	9.40
FRANCE	
Discount Rate	9.5
Overnight Rate	12.0
One month	12.4375
Three months	12.9375
Six months	12.9375
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.5
Bills Discount (three-month)	—

LONDON MONEY RATES

Nov. 8 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-13	—	—	—	10	8-14	—	—	—
2 days notice	—	—	13⅞-14	—	—	—	—	—	—	—
7 days or 7 days notice	—	13⅛-13⅝	14⅛-14¼	—	14¼	13¾	12-13½	—	—	—
One month	15⅝-14⅞	14¾-14⅞	14⅝	15⅛-15	15¼	15¼	13⅞-14	14¼	15-15¼	15⅞
Two months	15⅞-14⅞	15 1/16-15 3/16	—	15¼-15⅜	15⅝	—	14	14⅜	15 1/16-15¼	15½
Three months	15⅞-15¼	15 7/16-15 9/16	14¾-15¼	15-15½	15¾	—	14	14 7/16-14½	15 1/16-15¼	15½
Six months	15¼-15	15⅛-15⅜	14⅝-15⅛	15⅛-15	15⅝	—	—	—	14½-14 11/16	14 11/16
Nine months	15-14¾	14⅞-15⅛	—	15¾-15¼	15⅝	—	—	—	—	—
One year	15-14⅞	14⅝-15	14⅛-14⅝	15¼-14¾	15⅛	—	—	—	—	—
Two years	—	—	14⅛-14⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 14-14⅛ per cent; four years 14-14⅛ per cent; five years 14¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four-month trade bills 15⅜ per cent.

Approximate selling rates for one-month Treasury bills 13⅝-13½ per cent; two-months 13⅞ per cent; three-months 13 7/32-13½ per cent. Approximate rate for one-month bank bills 14⅝ per cent; two-months 14¾-14⅞ per cent; and three-month 14 11/32-14 15/32 per cent; one-month trade bills 15⅝ per cent; two-months 15⅜ per cent and three-months 15¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.4868 per cent.

Early Wall St. technical recovery of 3.9

After reaching its lowest level for almost 11 months on Wednesday measured by the Dow Jones Industrial Average, Wall Street showed a firming tendency in moderate activity yesterday morning, helped by bargain hunting in Blue Chips and speculative activity in Gaming shares.

The Dow Jones Industrial Average, which had fallen 22 points over the past three days, picked up 3.93 to 800.60 at 1 pm. The NYSE All Common Index recouped 34 cents at $57.09, while gains outscored declines by a seven-to-five margin. Trading volume slowed to 18.94m shares from the previous day's 21.67m.

Analysts said the rebound was largely technical and that investors remain cautious in view of the problems in Iran and the gloomy outlook for inflation, interest rates and the economy.

Bank of New York joined Chase Manhattan Bank's previous day's move by raising its Prime Rate to 15½ per cent.

Volume leader **Bally Manufacturing** advanced 2¼ to $30⅞ among Gaming shares, while Caesars World rose 1⅜ to $16¼ and Playboy 1½ to $14⅜. On the American Exchange, volume leader **Resorts International "A"** put on 1⅜ to $26¼, National Kinney ⅛ to $5, Elsinore $1 to $10½ and Golden Nugget $1 to $14½.

IBM gained ¼ to $62, **General Motors** ⅛ to $54⅞ ex dividend, **Du Pont** ⅛ to $37⅞, **Eastman Kodak** ⅝ to $49 and **Teledyne** 2¾ to $120¼.

Active **Loews** climbed $1 to $55¼ on higher third-quarter profits.

American Motors reported lower fiscal fourth-quarter net earnings and eased ⅛ to $6⅞, but **Bendix** picked up ⅛ to $41 on news of higher profits for the same period.

Western Pacific Industries jumped 5½ to $58⅞. It has proposed a $23 a share dividend because, the company said, it believes its shareholders can better decide how to invest the money than the company can.

THE AMERICAN SE Market Value Index rallied 2.14 to 206.09 at 1pm. Volume 2.06m shares (2.17m).

Dome Petroleum gained $1 to $38⅝. It has bought beach property north of Vancouver for unspecified "future offshore shipments."

Closing prices and market reports were not available for this edition.

Canada

Stock prices generally continued to plot a downward course in moderate early dealings. The Toronto Composite Index shed 5.1 to 1,573.4 at midday, while Metals and Minerals declined 12.0 to 1,375.7, Golds 14.4 to 1,917.1, and Utilities 1.10 to 223.73. However, Oils and Gas regained 18.6 to 3,203.6 and Banks 0.14 to 275.33.

Numac Oil rose C$2¼ to C$42¼ and **Gulf Canada** C$1 to C$94.

Tokyo

The Iranian situation and Wall Street's further sharp fall overnight left the majority of stocks on the Tokyo market lower yesterday, but speculative buying concentrated in energy-related issues and, in particular, Trading Houses, brought some good gains and lifted the major market indices.

The Nikkei-Dow Jones Average, after Wednesday's sharp setback of 83.72, picked up 22.51 to 6,390.62, while the Tokyo SE index rallied 0.45 to 444.25. There was again a fair turnover, which amounted to 330m shares (320m).

Trading Houses, along with Oil companies, are regarded as oil suppliers because they are purchasing crude oil from oil producing countries, a broker commented, and fresh speculation that they would all profit from the rising value of their oil stocks as world prices were raised, boosted the shares yesterday.

Among Trading Houses, **C. Itoh** moved ahead Y40 to Y580, **Mitsubishi** Y60 to Y990 and **Mitsui** Y18 to Y420.

Teikoku Oil, which announced a natural gas find in North West Japan, rose Y110 to Y1,130, while **Arabian Oil** put on Y500 to Y4,230 and **Sumitomo Coal** Y22 to Y287.

Matsushima Kosan gained Y70 to Y400 on speculation that its coal mine has promising reserves.

Mitsubishi Mining and Cement, also on speculative interest, added Y35 at Y410.

Elsewhere, **Honda Motors** rallied Y13 to Y569, but **Sony** receded Y20 to Y1,640, **Canon** Y9 to Y565 and **Takeda Chemical** Y9 to Y480.

Hong Kong

After the sharp reaction of the previous two days on heavy local profit-taking, the market advanced strongly yesterday in reduced but still active trading on meeting renewed speculative buying. The Hang Seng index rebounded 17.40 to 713.95.

Properties and Blue Chips led the way, with sentiment boosted by news that Hong Kong Land and Far East Consortium are to jointly develop property in the new territories and of a one-for-three bonus issue by China Light and Power.

China Light rose HK$3.20 to HK$25.20 after also registering a 22 per cent increase in annual net profits. **HK Land** moved ahead 60 cents to HK$12.20, the 1980 Warrants HK$170 to HK$1,850 and the 1986 Warrants 20 cents to HK$7.80.

Hutchison Properties climbed HK$2.20 to HK$17.60 on merger speculation. **Cheung Kong** put on 80 cents to HK$19.30 and **SHK Properties** 50 cents to HK$18.00.

Jardine Matheson gained 40 cents to HK$14.10. **Hutchison Whampoa** 25 cents to HK$8.60, **HK Wharf** 25 cents to HK$8.60 and **Wheelock "A"** 7.5 cents to HK$3.775.

Germany

A modest technical recovery took place yesterday following the market's recent gloomy performance, but trading was again thin and the atmosphere remained nervous over the Iran turmoil. The Commerzbank index rallied 5.2 to 709.7 from the new 1979 low reached on Wednesday.

Banks and Machines, which had suffered some of the heavier losses recently, scored broad gains yesterday. Both **Deutsche Babcock** and **KHD** added DM3, followed by a gain of DM2.50 for **GHH**. **Bayerische Hypothekenbank** led banks with a sizeable gain of DM6.50, while **Bayerische Vereinsbank** put on DM2.50 and **Deutsche Bank** DM1.90.

Varta put on DM1.80 in Electricals, while Stores had **Neckermann** up DM3 but **Kaufhof** DM2.50 lower.

On the Domestic Bond market public authority paper was marked down by up to 70 pfennigs, while there were Bundesbank open market purchases of DM7.4m after sales of DM6.2m on Wednesday. Eurobonds recorded falls extending to DM1.

Paris

After the recent weakening trend, the market closed mixed yesterday but with a slight bias to lower levels. Trading was fairly active.

Brokers said small investors are staying away from the Exchange in view of the unsettled situation in Iran, while also weighing on their minds was the overnight weakness on Wall Street.

Market observers said there had been some bargain-hunting by institutional investors, however, following the substantial declines observed earlier this week.

Selective buying pushed most Oils, Metals, Stores and Portfolios higher. Foods, Constructions and Chemicals were mixed, while Banks and Electricals mainly lost ground.

Noticeably higher at the close were **Pretabail, Pricel, Saupiquet, Dumez, Generale de Fonderie, Prenatal, Chiers-Chatillon, Esso** and **Francaise de Raffinage**. Losing ground were **Cetelem, Viniprix, Saunier Duval, Nouvelles Galeries, Alsthom-Atlantique, Sacilor** and **Fraissinet**.

Rhone Poulenc shed FFr 5.0 to FFr 139.5 after announcing a one-for-five rights issue at FFr 125 per share.

Australia

Concern over world oil supplies generated by the Iran crisis saw Energy and Gold stocks still in demand yesterday, but the rest of the Minings sector showed an easier tendency again.

BHP, with its interest in oil and coal, rose afresh to A$10.10, but later receded to A$9.84, down 6 cents on the day, after announcing that its Exmouth Plateau Resolution well was a dry hole.

Woodside Petroleum rose 3 cents more to A$1.98.

Among Coal Stocks, **Thiess** advanced 14 cents further to A$6.84 on an assets per share revaluation. **Oakbridge** improved 15 cents to A$2.80.

Johannesburg

Gold issues shed part of their recent good gains in quiet conditions following a slight reaction in the Bullion price.

Among a mixed Industrials sector, **Barlow Rand** were 5 cents higher at R8.10 after the results.

NOTES: Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.

● Pta 500 denom. unless otherwise stated.

♣ DKr 100 denom. unless otherwise stated.

♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Nov. 7	Nov. 6	Nov. 5	Nov. 2	Nov. 1	Oct. 31	1979 High	1979 Low	Since Compil't'n High	Since Compil't'n Low
● Industr'ls	796.67	808.48	812.65	815.84	820.14	815.70	897.61 (5/10)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	75.76	75.93	75.75	75.88	76.50	76.55	86.10 (15/8)	75.75 (5/11)	—	—
Transport.	228.96	230.53	231.91	232.81	234.51	231.95	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.51	99.49	99.75	100.54	100.81	100.03	109.61 (25/8)	98.24 (24/10)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	30,930	22,080	26,800	25,770	25,930	27,790	—	—	—	—

● Day's high 805.20 low 793.43

Ind. div. yield %	Nov. 2	Oct. 26	Oct. 19	Year ago (approx)
	6.11	6.16	6.11	6.77

STANDARD AND POORS

	Nov. 7	Nov. 6	Nov. 5	Nov. 2	Nov. 1	Oct. 31	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
†Indust'ls	111.86	113.58	114.16	114.92	114.97	114.07	124.49 (5/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	99.87	101.20	101.82	102.51	102.57	101.82	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

All indices have base values of 100 except NYSE All Common—50; Standards and Poors—10 and Toronto—1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Gen. Public Util.	481,000	7⅞	−⅛
U.S. Steel	384,700	19⅞	−¼
IBM	362,300	61¾xd	−⅜
Schlitz Brewing	331,700	8⅞	−⅛
Charter Co.	312,900	34⅝	−1⅜
General Motors	286,200	55½	−¾
Boeing	281,700	43⅝	−1¼
Amer. Cyanamid	258,800	30	−1⅛
Eastman Kodak	243,200	[illegible]	−⅜
Louisiana Land	242,500	44⅞	−¼

Platinum's golden anniversary with Johnson Matthey

BY RAY MAUGHAN

JOHNSON MATTHEY fired the blast furnace at its new £6m Brimsdown refinery near Enfield, North London, at the beginning of this week. A straightforward part of business life, perhaps, but it may come as a surprise to those who regard the group solely as a precious metal dealer to learn that it has important, and developing, industrial interests.

Conversely it would be wrong to disregard the bullion and commodity trading activities since they provide more than a third of group income. But Johnson Matthey is playing a growing role in such diverse, and potentially attractive, markets as fuel cells, anti-cancer drugs, cold print transfers and vehicle emission control systems.

Platinum is the key to most of these applications of rare metal refining technology. Next month, the group celebrates the fiftieth anniversary of the first marketing agreement with Rustenburg Platinum, an exclusive contract which runs until the end of this century.

The original link with Rustenburg was forged by a JM director, Mr. A. R. Coussmaker, a leading expert on the metal who persuaded the small, and largely unprofitable mines working the Merensky Reef in South Africa, during the 1920s to get together. The agglomeration formed the basis of Rustenburg. The UK company built the first plant at Brimsdown for the preliminary treatment of the ore and Rustenburg built a similar facility near the mine. The concentrate used to be sent to JM's headquarters, then in Hatton Garden, for final refining.

Joint venture

Since then, Rustenburg has established a refining plant at Wadeville, South Africa, and JM has constructed another final refining operation at Royston, Cambridgeshire. Anxious to take a more active role in the refining process, Rustenburg took a half share in Matthey Rustenburg Refiners to take over all four plants during 1972. The joint venture is to set up a nickel and copper refinery which will involve a £12-15m investment by JM in 1981.

Platinum consumption in the industrialised West is currently on a plateau of about 2.6m ounces annually but JM is confindent that its new Brimsdown facility, for which it is creating 50 new jobs, will enable it to capture an increased market share, which currently ranges between 40-50 per cent. Of possibly greater importance, the additional capacity offered by the new Brimsdown plant is expected to be absorbed by demand for new products now in development.

Demand for platinum products tends to go upward in steps. A rise is almost invariably followed by a plateau. Over the last decade, demand jumped when platinum was used as a catalyst to obtain high octane values in petrol and JM's interest in this field is represented by the 50 per cent owned associate, Universal-Matthey Products.

Jewellery

That market has been depressed for at least the past five years but another jump occurred when the Japanese, denied access by the Government to personal gold holdings, prompted renewed interest in platinum jewelry—a fashion which had largely died in the West by the 1940s, although marketing attempts are now being made to revive it.

The third spurt occurred when platinum, an invaluable catalyst which rarely reacts with a principal chemical, was used to control car exhaust emissions. That market, too, has tailed off and largely because profits from refining and chemical manufacture have declined from £3.89m to £2.56m pre-tax since 1975, JM's overall track record has been very sluggish.

The next jump may be about to take place and this time it could be based on a broader range of technical applications.

The automobile should be in the forefront of the next profits drive. The U.S., unfortunately, is likely to remain the sole Western market to legislate for the control of exhaust fumes but Matthey Bishop, a leading U.S. subsidiary, currently supplies Ford for around 40 per cent of its requirement for its American auto-catalysts. A honeycomb of ceramic material is specially treated with platinum to form a monolith catalyst. General Motors, for the moment, uses a particulate, or pellet, catalyst but is now considering monolith catalysts for its 1981 model ranges which must satisfy reduced nitrogen dioxide requirements, and a decision is expected within the next six months.

Growth prospects for supplying the U.S. market through BL products look somewhat dim at present but GM in conjunction with Degussa of West Germany, supplies Volkswagen in the U.S.

Glassfibre, which requires "bushing" through a platinum alloy, is another area of growth potential. Glass fibre reinforced plastics are used increasingly in construction and motor manufacturer—roof tiling and car bumpers being two important examples.

Earlier this year, the Food and Drug Administration in America granted approval for, cis-platin, a compound of platinum developed by JM which is now incorporated in a drug produced by Bristol-Myers for treatment of cancers of the genito-urinary system, and the second generation of the "Platinol" drug, understood to reduce the harmful side-effects of the treatment on the renal system, has now been developed. That may, however, take several years to win FDA approval.

Fuel cell

It may also take some time before the fuel cell becomes a proven method of energy supply, let alone an established method of power generation and control for utility and automobile companies but a JM platinum catalyst has been installed in the 4.5 megawatt fuel cell commissioned by United Technologies which will be undergoing feasibility studies in New York next April.

An important by product of these developing applications will be a rise in demand for refining spent catalysts, which forms a major secondary market for JM, which operates preliminary refining plants in North America, South Africa, New Zealand, Australia, Italy and Belgium, besides Brimsdown.

Strong industrial demand for rare metals will also boost income in Matthey Rustenburg Refiners and the banking, trading and dealing division.

This business has been rapidly built up over the last decade. In 1974-75 the bank moved to new offices in Lloyds Avenue which enabled JM to widen the range of services from the bullion dealing base and to enter the London Metal Exchange. The dealing range was extended to Hong Kong in the spring last year and it is hoped to set up in New York in 1980. That will lengthen the dealing day but the group is very anxious to find the "right people" before branching out across the Atlantic. "We'd rather develop our own people," the finance director, Mr. Ernest Pateman, points out. "We are a pretty conservative company."

That conservatism was not enough to stop JM buying Meyercord for $11.8m in January this year for the new U.S. subsidiary's expertise in the range of cold print transfers used on vehicles, sports goods, shoes and a wide variety of other products, is seen as a valuable addition to the range of colours and transfers which, until the acquisition was completed, had been principally sold to the ceramics industry.

Share price

But JM's reticence may help to explain why the share price has been standing at around half the estimated value of about 400p per share which would arise if the base stocks, required for continuing production processes and in the books at £11.9m, are valued at current prices.

Base stock values are obviously a variable but JM is uncomfortably aware of the discrepancy between estimated net worth and the market capitalisation. The recent reconstruction of Charter Consolidated, however, puts 28 per cent of the equity into what may be regarded as reasonably friendly hands. Charter proposes to acquire the stakes held by Anglo American Corporation and De Beers in return for most of its assets in Southern Africa and mutual boardroom representations between JM and Charter has been agreed. The mining finance house has made it clear that the holding will be developed as a trade investment and seemingly has no bid intentions.

A five year record in which profits expanded from £17.6m to only £21.58m is unlikely to influence the share price favourably. But the old Hatton Garden headquarters has been redeveloped and is ready for letting and important avenues of potential growth are beginning to open up in the automotive, power generation and medical markets. The 30 per cent pre-tax advance in the three months to June 30 last may yet prove to be the forerunner of a more pronounced upturn.

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FINANCIAL TIMES SURVEY

Friday November 9 1979

U.S. Travel and Tourism

The dollar's depreciation and cheaper air travel, particularly across the Atlantic, have made the U.S. an increasingly popular place to visit. The country's tourist industry and package holiday operators abroad are well organised to cope with the influx, and the 21m people expected to go there this year will find the natives friendly.

America eager to play host

By Jurek Martin
U.S. Editor

"*NORTH AMERICA presents* in its external form certain general features which it is easy to distinguish at the first glance. A sort of methodical order seems to have regulated the separation of land and water, mountains and valleys. A simple but grand arrangement *is discoverable* amid the confusion of objects and prodigious variety *of scenes.*"

So began de Tocqueville's *Democracy in America.* Were the great French author to continue writing in this vein today, he would undoubtedly be snapped up by the United States Travel Service and his proselytising talents put to maximum use. For, quite dramatically, tourism in the U.S. has become a significant fact of economic life. Tourism, to put it *bluntly, is the other side of the* dollar's weakness.

About 21m foreigners will come to the U.S. as visitors this *year, 6 per cent more than in* 1978, which in turn was 7 per cent more than in 1977. Collectively, they will spend an estimated $8.8bn in the country and another $1.8bn getting there by U.S. carriers. This collective bill is well up on the $8.5bn of last year, which in turn was more than 18 per cent up on the previous 12 months. To put the *boom in perspective,* total tourist receipts in 1961 amounted to a meagre $1bn.

The expansion is even greater if Canada, which provides well over half the tourist traffic, is not included. Last year there were increases ranging from 25 to over 40 per cent in the number of visitors from individual European countries (Britain leading the way with a remarkable 42 per cent growth), *and while this year's increase* is unlikely to be as large, expansion in the 20 per cent-plus range is freely forecast. More and more Latin Americans and Asians (especially Japanese) are *flocking to the U.S.*

The twin stimuli for the foreign tourism bonanza are the depreciation of the U.S. dollar against a range of foreign currencies and the introduction with a vengeance of inexpensive air travel. *The U.S.* in fact has become quite a cheap place for a holiday—*to all except the* Canadian, whose own dollar, of course, has been weak against the U.S. currency for some time —while the once formidable cost of bridging the Atlantic has been substantially reduced.

The U.S. is still in deficit on its tourism account: last year it is estimated that the 23m Americans who travelled over*seas spent $11.4bn, $2.9bn more* than foreigners spent in the U.S. In *the current year the de*ficit is likely to shrink to about $2.3bn, according to government calculation.

Nevertheless, foreign tourism has now emerged as the fourth-largest U.S. export industry and the projected $2.3bn deficit, *if* achieved, would be the lowest *in the last decade.*

On an individual-national basis the U.S. enjoys what is known as travel dollar surplus with Canada, Japan and West Germany, but there are substantial deficits still with Mexico, the UK and France. These last three countries are, of course, among the most popular for American tourists, but the growing share *commanded by the U.S. of the* European tourist market in par*ticular suggests a narrowing of* existing shortfalls.

Patterns

The typical foreign visitor to the U.S. spends $650 to $700 while in the country, but the patterns of spending and the favourite places to visit vary enormously from country to country, largely reflecting global geography. The Japanese, logically, *overwhelmingly prefer* the West Coast while Europeans are likely to focus on the East.

The Japanese generally use *organised package tours,* while a substantial majority of Europeans (most notably the French) like to travel independently and use their holidays more to meet as many Americans as possible and experience American lifestyles than to visit places of historical interest *in the country.*

Europeans tend to stay an average of about three weeks or more in the U.S., whereas the median length of stay for a Japanese or Mexican is less than half that.

The dry statistics disguise the fact that surveys show that foreign visitors to the U.S. seem *to enjoy their holidays, with a* large majority expressing an intention to return. This is something which both the federal and local governments are beginning to appreciate more. The U.S. Travel Service, *for example, budgeted nearly* $2m in the fiscal year just ended for advertising spending to extol the merits of a U.S. holiday in the six major foreign countries, plus another $500,000 allocated for public relations.

However, not all parts of the country view with equanimity the influx of hordes of foreign tourists any more than they do *domestic invasions. Although* it is true that the travel industry alone *has accounted for 10 per* cent of the 28m new jobs created in the country over the past 20 years, some states (Oregon comes immediately to mind) have concentrated more on preserving their indigenous charms and beauty than exploiting them.

But what foreigners do find *and enjoy is the great* and innate hospitality of Americans in their *own country.* Even the fabled (and much exaggerated) rudeness of New Yorkers has to be taken with a pinch of salt. It is this quality, allied to changing economic circumstances and the "prodigious variety of scenes" of which de Tocqueville wrote, that makes the U.S. *such* an attractive proposition for the foreign visitor.

Although *there are a great* many economic and practical reasons why the U.S. has suddenly become such a magnet for the international traveller, it is the average American's eagerness to play host which is helping to accelerate the rush.

Many Europeans have an *image* of America as a country which is brash, hard hitting, *devil-take-the-hindmost* and unsympathetic to the problems of a stranger. Today *word* is getting around that America can in fact be a relaxing place to visit: a land of easy pace, easy smiles and a general willingness to assist.

Americans themselves sometimes do not see this side of their country, since it is often a foreign accent or the helpless lost look which encourages the *locals to rush to your assistance.*

The smile is not, of course, *universal. Nothing is perfect.* One of the first surprises any vistor faces is that America is an extraordinarily bureaucratic sort of place, as the first brushes with polite but painstaking officialdom at consulates, immigration and customs will demonstrate. But *overall—New York* taxi-drivers growling at passen*gers from their protective cages* apart—the visitor is likely to find more grins than frowns, and a considerable inquisitiveness to know how things are going back in your own country.

Efficient

The *fact* that America is so large and there is so much domestic tourism and business travel means that the U.S. has *long been a country accustomed* to the itinerant. This happily *produces a sophisticated infra*structure of roads, air links and accommodation (or lodgings as the Americans quaintly term hotels). The rail networks are not as widespread or as efficient as in Europe, but still retain their own attractions.

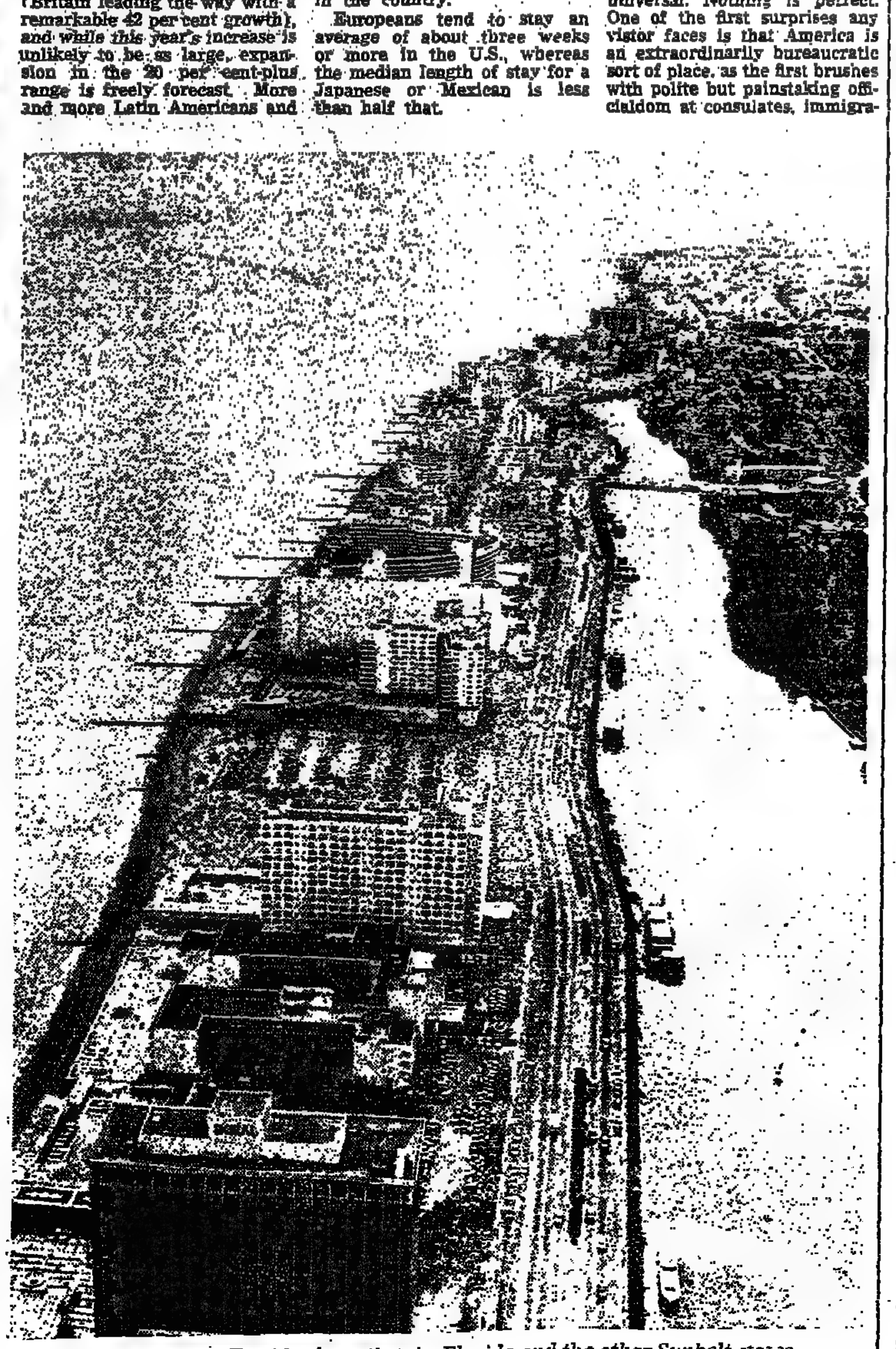
Americans eat out regularly to a much greater extent than do the British, so that even very *small communities* usually will have somewhere that a *visitor can find something* to eat. Although steak and shrimp are still the universal staples of American restaurants, the U.S., like Britain, has seen a major revival in interest in quality catering and fine food *can be found* in the most unlikely places.

Although much of America is inexpensive rather than cheap *the average business visitor* finds that once he steps outside the major centres *such as* New York, Houston and Los Angeles prices for almost everything *fall in the most surprising,* and delightful, way. In country areas you can eat superbly well for a few dollars, and Californian *wine is not only low in price* but also high in quality.

The basic thing that any visitor to the U.S. has to remember is *that its size—it is 3.8m sq* miles compared with Europe's 3.9m—creates a considerable diversity both in people and in the country's physical characteristics. Just as one would not expect too many similarities between the pine forests of Sweden and the sweeping dunes *of the Camargue, so the differ*ences between New Haven, Connecticut and Albuquerque, New Mexico are, to put it mildly, considerable.

All this simply adds to the *fascination* of America, and helps to explain why it has suddenly been discovered by the world's tourists.

Indians at the Texas Folk Life Festival in San Antonio



Miami Beach, Florida, from the air. Florida and the other Sunbelt states are a prime holiday area

Eastern states have special charm

THE EASTERN states of America—from Maine to South Carolina — lack the majestic natural beauty of those in the far West. But they embrace some of the most beautiful parts of the country and almost all the nation's most interesting, and historic cities.

In past years travelling down the eastern side of the U.S. in high summer has been an *exhausting experience.* The weather is very hot and the humidity can be intense. Motorways have been crowded and accommodation hard to find.

This past summer, however, it was different, the petrol shortage—and the sharp rise in its cost—gave the tourist industry in the area a nastly jolt. Advertisements proliferated to try to attract motorists who had only one tank of petrol to get to and from their destination. Out of the way motels and holiday resorts found themselves faced with wholesale cancellations. *Only the weather stayed much* the same and even so it rained more than usual.

By the end of the summer all of this was a nasty memory but the industry has no real idea what to expect next year and it *is fearful that high petrol costs* and the rate of inflation may put off tourists again in 1980.

However, for visitors from abroad the eastern seaboard does not seem all that expensive. Petrol is still half—or less than half—the price in many parts of Europe. Motels, particularly those just a little way off the beaten track, are amazingly cheap by European standards. Rental cars, if rented by the week from "budget" outlets, cost significantly less than in *Europe and food is not expensive* either.

All this is particularly true for holidays taken in the spring or in the autumn. At both times of the year the weather is usually good and cool enough for travellers who wilt under excessive humidity. Rates are cheaper and the roads are much *less crowded. And the main* tourist attractions can be seen at a much more leisurely pace.

The eastern part of the U.S. is so large that it is next to impossible to see it all on one trip. Some visitors, according to the *U.S. travel service,* decide to concentrate only on New England. Others single out the *four great cities of the East:* Boston, New York, Philadelphia and Washington. Yet others start with Washington and drive south into *Virginia* and down to Williamsburg before moving along the coast through North Carolina to Charleston, South Carolina, one of the most beautiful towns in the whole country.

The vast majority of European travellers to the United States rely on a combination of rented cars and aeroplanes. A sizeable minority use buses although they restrict the ability to wander. And there is still a passenger train service through the eastern states which offers a gentle way to see them for those with time and patience.

New England — Maine, Vermont, New Hampshire, *Massachusetts, Rhode Island* and Connecticut—has a distinctive charm all of its own. In the north Maine is a favourite summer destination for thousands of Americans. Its long, beautiful coastline and wild, forested interior make it very attractive, and there is a ferry service to the string of *little offshore islands* that are well worth a visit.

Vermont comes into its own *during* the skiing season and again in the autumn when its forests display some of the most breathtaking autumn foliage to be seen anywhere in the world. The state also boasts some of the most unspoilt towns in *America with their white clap*board houses and sleepy main streets.

Massachusetts is more urban. Boston, with its long historical associations, deserves a visit as does Harvard University in nearby *Cambridge.* Rural Massachusetts is also very attractive with fine old houses and rolling countryside. On the eastern side of the state is Cape Cod, another favourite summer holiday area, and offshore the islands of Martha's Vineyard and Nantucket.

Nantucket, in particular, is worth a ferry trip. Once a *centre of the whaling industry,* it has survived unchanged since the early part of the last century and has the largest number of 18th century homes still standing in any single place in the U.S.

Famous

South of Massachusetts and through Connecticut and Rhode Island the scenery begins to change. *Rural areas give way* to suburbs which in turn yield to New York City.

The city can be a daunting place in the summer when high temperatures are often the final straw for New York tempers. But in the spring and autumn New York can be a marvellous place to spend a weekend. It is *a city in which to walk* (though not in darkened areas at night) and its galleries, shops and theatres are justly famous.

Much less well known is New York State, which stretches north to the west of New England and up to the Canadian border. The state covers nearly 50,000 square miles and boasts some of the most beautiful and least-known parts of the eastern United States. In particular, the wine-growing Finger Lakes region near Penn Yan, New York amply repays a visit.

From New York City the visitor can make his or her way to *Philadelphia, butt of countless* jokes in America but actually a rather charming city which still has some of its 18th century past and remains proud of the fact that after London it was once the largest city in the British Empire.

West of Philadelphia lies the state of Pennsylvania. Popular among skiers in the winter, the state is amply supplied with state parks and state forests. It also boasts attractive small towns and the distinctive Pennsylvania Dutch—or Deutsch—country. The settlements of German *immigrants* here have been unaffected by all the changes of the past 150 years. The Amish people still live much as they have always done, eschewing cars and speaking the language of their forefathers.

South of Philadelphia, more or less on the way to Washington are Longwood gardens, some of the most remarkable gardens in the country, and the Winterthur Museum of Furniture founded by the Du Pont family and located not far from Wilmington, Delaware.

Washington, the *nation's* capital, is now in the middle of a renaissance. Its museums are among the best in the world and its public buildings have a beauty and a grandeur that is quickly appreciated. Here again, however, *sightseeing* can be exhausting in high summer.

The Capitol, Washington. The public buildings, museums and monuments of America's political centre attract large numbers of tourists

South of Washington is Virginia, another state full of historical links with England. From Front Royal, Virginia, the visitor can take the skyline drive down to a point close to Charlottesville and Thomas *Jefferson's* marvellous hilltop house of Monticello. Then it is a simple journey to Williamsburg, the restored colonial town that is at the heart of a region which was settled by the earliest colonial settlers.

A *beautiful drive from* Williamsburg takes the visitors through North Carolina down to Charleston, particularly if he sticks close to the sea. The outer banks of North Carolina which jut out into the Atlantic are especially fine. Charleston is the archetypal Southern town where the first shot was fired in the American Civil War.

There is, then, much to appreciate in the eastern parts of the United States—much, much more than many European visitors imagine before *they go.* But it is worth remembering that it is a big area and even three weeks is little enough time to see it all.

Careful advance planning will pay dividends. The motorways *are available in such profusion* that it is quite easy to make up for lost time if necessary. But what can be most rewarding of all *is just to meander through* New England in spring or autumn, finding an unhurried and gentle America that is as surprising as it is unspoilt.

David Bell

Vastness of the West a grand spectacle

AT THE TIME it seemed we had been everywhere. The rented car had nearly 3,000 more miles on its clock when handed back at Los Angeles airport than it had shown a few weeks earlier in Denver Colorado.

That car had journeyed through the snows of the Rockies and the Sierras, it had baked in the Mojave desert, it *had hung perilously on bends* down California's spectacular Pacific coastline and crunched over dirt roads in the rattlesnake country of southern Utah.

And yet the silver gas-guzzling Chevrolet that only objected once (when an eager hotel doorman insisted on parking it and then left the lights on—Mr. Avis rapidly put things right) had traced a course *which* now appears only a scratch on the giant map of the American West.

Its wheels never rolled the highways of Texas or New Mexico, and its occupants missed the spectacular glories of Oregon and Montana.

Nowhere in the U.S. does the sheer size of the country become *more apparent than in the West.* You can drive for a couple of hours at the regulation 55 mph without seeing a petrol station, never mind the urban sprawl and lofty buildings with which the average European often associates America.

Two things unite this vast region of considerable physical differences—space and friendliness. In the West the pace tends to be different and the stranger is greeted with warmth. When the breakfast waitress says her usual: "Hi, how are you today," you almost believe *she wants to know.*

For the European visitor the most likely gateway cities to the West are Houston, Denver, Salt Lake City, San Francisco and, most likely of all, Los Angeles. All of them offer widely differing *attractions of their own.* For the first-time visitor, eager to see everything that is available, the choice is baffling.

The decision is made easier to some extent by what I regard as the one basic ground rule of any visit to the western U.S., and that is the need to see one or two at least of the national parks. Yellowstone, whose vast acreage is mostly in the north-western corner of Wyoming, is the sort of place that defies description, if only for the fact that it is remarkably untouched by civilisation. The bears still roam and visitors can still easily find themselves lost.

But Yellowstone is only an *outstanding example of a re*markable range of natural wonders which await the visitor.

In Utah there are *the amazing* rock formations of Arches and Zion national parks, further south lies the spectacle of the Grand Canyon, while close to the eastern borders of California lie Yosemite and Sequoia (Kings Canyon).

While the eastern states of America can provide excitement, modernity and not a little history, the West offers physical spectacle on a grand scale. To visit the cities of the West and not venture into this wonderland of nature is to waste a rare opportunity—particularly since transport, whether car rental, airline travel or journeying on the railroad, is so inex*pensive by European standards.*

At this stage there ought to be a few confessions of personal preferences. I am no fan of the larger new American cities. Houston and Los Angeles may be *eminently convenient* entry points, but in their own right their main advantage is the speed with which they both can be left. Each have their high points—I would not have *missed* Rodeo week in Houston *nor those seafood meals* in LA's Pacific coastal resort complexes —but as places none is particularly memorable except for the wrong reasons.

Denver is somewhat smaller but still a gateway rather than a destination. Salt Lake has more charm, a restful, relaxed city which feels part of the country that surrounds it. The real gem, of course, is San Francisco, whose hills and waterways have defeated man's attempts to sprawl and instead left an atmosphere of intimacy and personality.

The drive from San Francisco to Los Angeles is one of the wonders of the world, a constant scenic drama of steep cliffs, green hills, crashing seas and small towns. The remarkable thing about this coast is that so few people live on it. Once you have left San Francisco and passed through the old fishing *villages* of *Monterey* and Carmel you leave people behind.

Much *of this coastline* faced seamen of old—and indeed still does today—with daunting dangers. This, plus the rocky coastal hinterland, combined to discourage settlement. Even today the main freeway is well inland, leaving Highway One almost a country road. When I travelled it in May of this year there seemed to be more bicycles than cars.

Given a week or 10 days, the *combination of Los Angeles,* San Francisco, and the coast between the two, would give any visitor a taste of America covering a considerable spectrum. There is some hope that the coastal strip would destroy as many illusions about America and its life-style as Los Angeles confirms.

For the British traveller costs are acceptable and often pleasantly surprising. As long as the pound is above $2 the British visitor is likely to feel he is getting a bargain.

Outside of the major cities this spring I never paid more than $25 a night for a room, usually using *hotels in the* Travelodge *chain (part of* Trust Houses Forte) and Best We[…]

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Skiing in vogue

AMERICA'S West is becoming increasingly popular with European skiers. Several British tour operators offer Rocky Mountain and Sierra resorts in their programmes.

Most of the western resorts are purpose-built complexes, often run by corporations *rather than local government* Aspen's skiing, for example, is largely in the hands of Twentieth Century Fox which bought the Colorado resort corporation with the money it made from Star Wars. The result is usually smoothly interwoven service in which hotels, lift operators and transport organisations work closely together.

Western resorts are usually *extremely high* by European standards, often with runs between 8,000 and 12,000 ft up.

This normally means consistent snow conditions from mountain top to village street. Runs are well maintained (or manicured as they prefer to say) and lift queues short.

Most of the skiing is designed for competent recreational skiers. Europeans who like a lot of narrow gulleys and icy trails are likely to be disappointed. Instead, they have to accustom themselves to deep dry powder and broad avenues graded by their *steepness than other hazards.*

A subjective list of the West's best ski resorts would be: Aspen, Vail and Steamboat in Colorado. Snowbird and Alta in Utah, Taos in New Mexico, Jackson Hotel, Wyoming, and Heavenly Valley, California.

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Profound change in South's attitudes

NO REGION of the United States has changed more than the South in the past 20 years.

The old Confederate states—the battle ground for the civil rights movement of the 1960s—have made enormous progress. For example, only last month Birmingham, Alabama, elected its first Black Mayor, a result which would have been unimaginable 15 years ago.

Part of the reason for this profound change in attitudes has been the rapid industrialisation of the southern states which are now often referred to as part of the Sunbelt—the strip of states that make up the southern third of the U.S.

These states have attracted billions of dollars of new investment as companies have taken advantage of lower labour costs, cheaper land and good weather and moved many of their operations to the South and South West.

But the South has not lost all its charm even if it is no longer the magnolia scented, plantation-dotted region so beloved by those who have seen the film *Gone with the Wind.*

For tourists the region does have its limitations, but the area can be divided into three distinct regions and each has something to offer. The fastest-developing tourist destination, as far as Europeans are concerned, is Florida. The Deep South — Georgia, Louisiana, Alabama, Mississippi and Tenessee—is less popular but fascinating to explore if time and distance are not too great a problem. And finally there is Texas whose 267,000 square miles inevitably make it a place apart.

Fantastic

Florida is perhaps best known for Miami—and the resorts that line the coast near it—and for the fantastic Disney World at Orlando in the centre of the state. Miami has become a popular destination for British package tour companies, many of whom expect it to develop into a major holiday centre for Europeans in the years ahead.

Disney World, even for those who do not have children, is not to be missed. To see it properly takes about two days and there are thousands of newly-built hotel and motel rooms within easy reach. AMTRAK, Greyhound and several airlines offer special package deals to the area, which also features several other tourist attractions including Circus World, Sea World and in Tampa the famous Busch Gardens Amusement Park.

Florida offers sun and sea—no part of the state is more than 70 miles from the sea—but it is not a state of great historic interest. However, it is also worth seeing the Everglades National Park, one of the last great wilderness areas in the U.S., and Kennedy Space Centre which offers visitors full tour of the facilities.

Some vistors to Florida have been put off by the inexorable way in which the coast line has been developed and by the over-commercialisation of parts of it. But there is a lot to see and, at the very least, the weather can almost always be relied on.

The Deep South — New Orleans always excepted—is more to be appreciated for its rural attractions than for its cities. Atlanta, for example, is a disappointing city which was largely destroyed in the Civil War and has none of the charm that European visitors might expect.

On the other hand, Savannah, Georgia, is a fine Victorian cotton town which has survived more or less unspoilt. And Natchez, Mississippi, which is not too far from New Orleans, is an interesting early 19th century town on the banks of the Mississippi river which has been gently decaying ever since the railway bypassed it and took most of the riverborne trade in the second half of the last century.

In the rural south the visitor can still find echoes of the past. Small towns are still a little suspicious of strangers though in the most remote of them it is clear that the pace of change has been much slower than elsewhere in the South.

All these states boast excellent state parks and plenty of opportunities for fishing and hunting. In Tennessee, the Great Smokey Mountain National Park—at the southern end of the Blue Ridge Parkway which runs north to the sky line drive and on almost to Washington—is one of the most spectacular in the country. And in Arkansas the Hot Springs National Park has some of the best thermal springs in the country.

The area has its share of the unexpected. In Oak Ridge, Tennessee, for example, there is an excellent museum of atomic energy. And off the coast of Georgia—on Jekyll Island—is a wonderful seaside "settlement," first developed by the men who made their money during the great industrial expansion of the 19th century. Here, and elsewhere in the rural South, hotels and motels are still surprisingly cheap, even in high summer.

The biggest tourist attraction for Americans—excluding Florida—is, of course, New Orleans. For Europeans it is perhaps less interesting, at least on first sight. The French Quarter of the city has been heavily developed and despite its past may seem more American than European.

Courtyards

But away from the most developed parts of it the old part of New Orleans is extremely attractive. Fine old houses built in a mixture of French and Spanish styles, old apartment buildings, alleys and half-hidden courtyards make it a fascinating place to explore on foot. And it offers some of the best food and, of course, some of the best jazz in the country.

About 100 miles to the west of New Orleans is "Cajun country," a unique region famous for its Creole food where many of the people still speak French.

It is only an hour by air from New Orleans to Houston, the fastest-growing city in the U.S. and the centre not only of Texas but also the world oil industry.

Architecture

Texas is so huge that it is best seen by air rather than by car. Houston boasts its space control centre and some of the most beautiful modern buildings in America. It also has the huge indoor Astrodome Stadium. But beyond that there is not all that much to see. And Dallas, the state's other large city, can safely be avoided altogether.

San Antonio, in the south of the state, is the home of the Alamo—where Davy Crockett died in the famous siege by the Mexicans—and it has a certain charm, but is probably not worth a special trip. The real appeal of Texas is perhaps best appreciated after a trip to the 823,000-acre King Ranch, the largest in the country. It sprawls over four whole counties and a special tour is available for visitors.

Indeed, Texas is one of the most hospitable states in the Union and one where good Mexican-American food is readily available. But for those who have only limited time to see the South it is probably true that Texas is the least-rewarding state for the tourist in the region.

It is unlikely that the South will ever rival the far West or the East Coast as a prime destination for European visitors. But it is an area that has fascinated Europe for a long time, with a distinctive character that has survived the modernisation of the past 15 years. And the new international air links to Houston, Dallas, New Orleans and Atlanta make it much more immediately accessible from Europe than it has ever been before.

David Bell

The Alamo at San Antonio, Texas, besieged and captured by Mexican forces in America's frontier days

The West

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tern. Next year doubtless America's inflation will have nudged the rates up a bit, but they would have to rise by a surprising amount for them to be anything like what would be charged for the same air-conditioned, colour-TV, swimming pool comfort in Europe.

In the big cities the prices edge higher. Expect to pay $40 or more for city centre first-class accommodation. You can pay much less, of course, and, if you choose to sample the spectacular architectural splendours of say the Hyatt Regency in San Francisco, somewhat more (it's worth it for a night or so).

Is there therefore nothing wrong with the West? Well, yes, there is. Unless you are a motoring tourist information can be hard to come by. Greyhound bus stations offer little in the way of maps and guides and where towns have tourist aid centres they tend to be on the main routes into the area rather than downtown.

Food is fine if you like constant breakfasts and steak, a bit limited if you don't (not in the major cities, of course). If you don't eat by eight in some cities you'll be lucky to find anything open but a pizza parlour or a hamburger house.

An absolutely invaluable aid to both eating and accommodation in the West, and indeed to any other part of the U.S., is the Mobil Guide. There are editions covering various parts of the U.S. They detail the size of towns and offer a brief description before launching into a look at local hotels and restaurants. The guides usually also include a selection of discount cards for local attractions.

Guide

Each guide costs only a few dollars and since they are widely available in the States I would urge waiting until you get there before buying one. This year's editions were available in Britain only in the early summer while they were on the American bookstalls much earlier, and no one wants to use a year-old guide which has cost twice what is charged for a new edition locally.

Most other guide books should be treated with extreme caution. Usually they are like this article: they attempt to do far too much in too short a space.

Arthur Sandles

Cheap air fares battle

THE U.S. AIRLINE industry has always made innovations. Many of the developments which make life cheaper or more convenient for the air traveller have begun there, and percolated eventually through to the air travel systems in other parts of the world. Examples include such benefits as kerbside check-in to avoid congestion; walk-on "no reservations" Shuttle systems, such as those introduced by Eastern Air Lines between New York and Boston and Washington several years ago and subsequently copied by British Airways.

More recently, the biggest new development has been "de-regulation"—allowing for greater freedom of entry for airlines on domestic routes, thereby stimulating competition and resulting in a substantial reduction in fares. This development has been watched with increasing interest in Western Europe, where there has been considerable pressure to emulate it.

One of the problems in assessing the impact of de-regulation, however, is that its effects now appear to be clouded by the impact of soaring fuel costs, and the onset of economic recession.

Protagonists of de-regulation, such as Mr. Marvin Cohen, the chairman of the Civil Aeronautics Board, have argued that the current slackening of growth, and declining profits, are not the fault of greater competition stimulated by de-regulation. He claims the new system has forced the industry to slim so that it has been in fact leaner and tougher to meet the effects of recession.

In his view, the de-regulation has given the industry a much-needed flexibility to cope with a downturn in the business cycle, and that de-regulation should not be confused with recession.

Worried

But it is a fact that in the domestic U.S. airline scene there are now some worried executives. Traffic which was buoyant earlier this year, at a time of high profits, is now declining, and some of the new inter-city routes introduced as recently as a year ago in the wake of re-regulation have already been dropped. Other routes are also being shed as profits fall, and some labour lay-offs in the U.S. industry are forecast for the coming winter.

While the country's domestic airlines continue to provide a gold-mine for the cheap fare hunter, with many cut rates available, there is no doubt that rising fuel costs are already biting deeply into revenues already eroded by cheaper fares, and new fares rises are already in the pipeline.

Just how long many of the cheap fares which have prevailed over the past year or so can be sustained will depend entirely upon the trend of fuel prices this winter, upon inflation, and upon the effects on the airlines of an economic downturn.

To a large extent, the situation in the domestic airline industry has been matched on the North Atlantic. Cheap fares, resulting from pressures from the Civil Aeronautics Board on both U.S. and foreign airlines, and especially from the refusal of the CAB to accept the fares-fixing methods of the International Air Transport Association, may have stimulated a substantial volume of traffic, but it has been profitless growth, in the face of mounting fuel and other costs. But even this situation does not seem to have prevented major U.S. airlines from seeking new routes to the Continent. For example, this year National has inaugurated scheduled flights to Zurich from Miami, and from New York to Amsterdam, while Delta has begun flights between Atlanta and Frankfurt.

The U.S. airline industry has also been particularly critical of the Anglo-U.S. Bermuda Two bilateral air agreement, which it believes to particularly restrict the rights of U.S. operators in a de-regulatory environment.

So far, apart from some mutterings, there have been no outright demands for denunciation of the agreement and negotiation of a new one to provide more opportunities for U.S. airlines. It is possible that the newly-emerging climate of uncertainty over future traffic, costs and profits, in the light of the economic situation, is forcing the U.S. airlines to pause before pushing too hard for a new agreement that, while providing new opportunities for services, will do little to improve profitability.

Noisy

As a result of the soaring fuel bills—in July alone they rose to a level 64.3 per cent higher than in the same month a year ago—and the downturn in traffic at the start of the winter, there is some concern in the U.S. airline industry over its ability to earn the returns on capital necessary to finance the new jet fleets needed through the 1980s to replace existing noisy, fuel-thirsty and ageing fleets.

Reports from many airlines indicate that the slackening in the rate of traffic growth which became apparent in September has continued into October and the situation is summarised by one airline spokesman as being "funny: we are drowning in apparent prosperity."

One estimate is that this year's profit margin for the U.S. domestic airline industry as a whole will be about 2 to 3 per cent, or about half the rate recorded in 1978. Fare rises of up to 25 per cent allowed so far this year by the CAB to compensate for fuel price rises are inadequate, and several airlines have already asked for more.

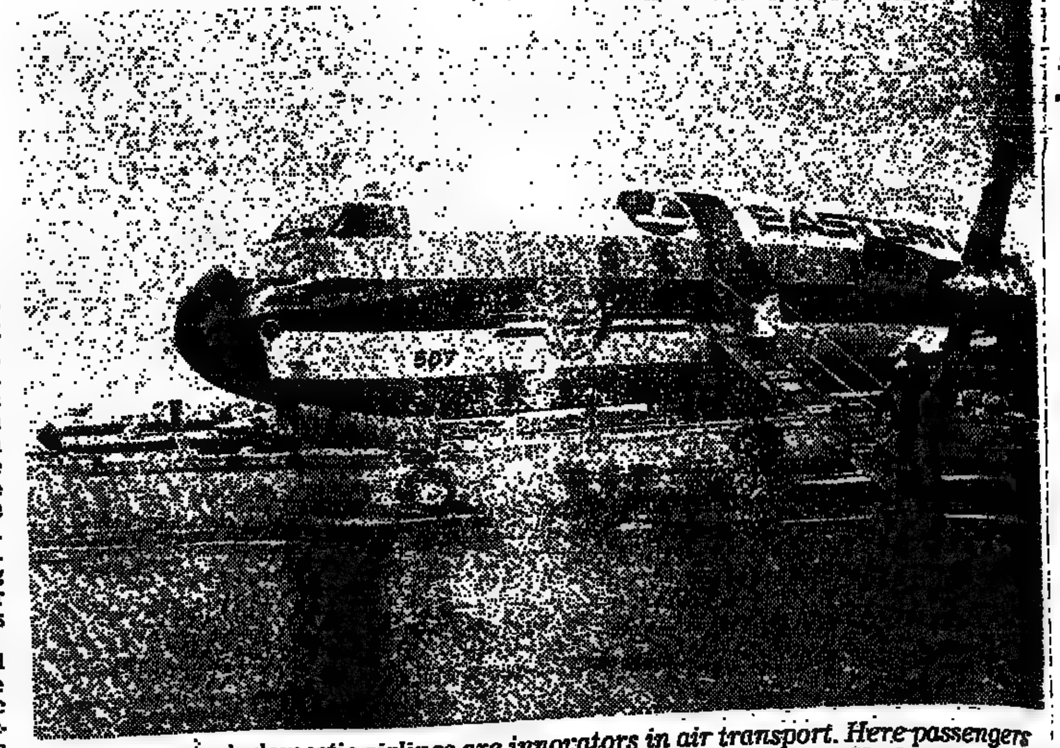
The Air Transport Association of America has forecast that, notwithstanding recession, demand for air travel through the 1980s is likely to run at an average annual rate of growth of 7 per cent, compared with the 11 per cent in the three years from 1976 to 1978, and the 15.6 per cent recorded in the first six months of this year. The ATA foresees the U.S. domestic industry carrying about 525m passengers a year by 1990, against this year's 300m.

The ATA study suggested that if the nation's airlines are to accommodate this traffic growth with the most productive aircraft available, they would need to invest about $90bn in new aircraft up to 1990, of which $80bn will be for passenger aircraft, $7bn on freighters, and $3bn for aircraft already ordered for delivery later this year.

To meet these bills, the airlines will need to sustain consistently high profit levels, as the only means of generating the necessary internal funds and attracting outside capital. The ATA has suggested the industry will need an average annual corporate return on investment of between 13 and 15 per cent to handle the capital commitments needed for new fleets.

The big question is will the airlines be able to achieve those earnings, in the light of current economic trends. In 1978, for example, the return was 13 per cent, and for 1979 it could be lower. Much depends upon what happens in the current quarter of the year, which appears to have started gloomily for many airlines.

Michael Donne



The country's domestic airlines are innovators in air transport. Here passengers board an Eastern Airlines shuttle flight on the Boston-New York route

Tour operators in fierce competition

ONLY A FEW years ago anyone in Europe who suggested that there would be a North Atlantic routes marketing war among airlines and tour operators carrying passengers to the U.S. would have been regarded as somewhat unbalanced. But the unbelievable has happened.

Only a couple of seasons ago the Briton who wanted to holiday in the States had a fairly narrow range of tour operators to choose from, and most of the business was independently organised by the visitors themselves. Today things have changed as the tour companies seize on the prospect of America being the growth market of the 1980s.

Even on the bald basis of prices, the fierceness of the competition is immediately apparent. Jetsave, one of the North Atlantic mass-market pioneers, is offering a six-night holiday in New York for £199; British Airways will give you a week in San Francisco for £318; Cosmos sells a fortnight in Miami Beach from £190; and if you prefer to go your own way Intasun will provide flight and a car for a week (two people) for £206 each.

Perhaps the above should have been written in the past tense, for such has been the rush of business that many of the less-expensive holiday offers for the coming year have been sold already, and some operators are frantically scrambling for additional capacity.

An example of the sort of demand which has been forthcoming has been given by Cosmos, one of Britain's biggest tour operators and a group which was quick to set up a full-scale tour programme to the States. In 1979 the company planned to carry 6,300 holidaymakers to the U.S. In the end, however, bookings in the main season exceeded 15,000 and about 3,000 people already have booked for this winter. Now Cosmos is upping its capacity to 50,000 people on 23 itineraries.

Mr. Sidney Silver, Cosmos managing director, says: "The most revolutionary development is that the U.S. dollar has become the bargain holiday currency. Food, transport and accommodation is cheaper now in New York and Los Angeles than in London, Manchester or Glasgow."

Modest

Cosmos's 50,000 is fairly modest, although its tours are fully escorted. UK companies such as British Airways, Laker and Jetsave all do at least four times this business, and some of them much more, and to this must be added the substantial programmes of America's own home-brewed organisations such as American Express, Pan Am and TWA.

Some indication of the importance of the market can be gained from the fact that Thomson, Britain's biggest tour operator, puts America first in its resort listings in its main 1980 brochure.

Prime destinations for the European visitor are still such places as New York, Boston, Miami and the western milk run of Los Angeles, Las Vegas and San Francisco, but more and more visitors are becoming adventurous about their holiday-making. Car rental and camper hire is increasingly popular. For example, Jetsave, in its newly-issued brochure, offers flight and camper rental for two weeks from £289.

For the really adventurous there are camping tours. Trek-America, which is licensed by the U.S. Federal Government's Inter-State Commerce Commission to use its own vehicles, runs a whole series of trips, an example of which is a six-week coast-to-coast tour from £339—although everyone is expected to put about $15 a week into the food kitty.

Many tour operators have found a considerable interest in apartment renting in the U.S. This year American Express has been selling apartment holidays in Florida from £214, a price for one week which includes not only the flight but also a rented car with unlimited mileage.

The sudden discovery of America by the tour operating companies is the result of a series of happy coincidences involving transport and, of course, currency values.

Although the North Atlantic has not been a high-fare route by most standards, until a few years ago there were not many really cheap fares unless one was prepared to indulge in a little rule bending — joining the South Esher Chicken Fanciers Club perhaps to qualify for charter rates.

The first break in that system was the setting up of the Advance Booking Charter system, which the British Civil Aviation Authority brought into operation after some determined fighting. After that Mr. Freddie Laker delivered the coup de grace to the old fare structures with his Skytrain. Everyone had to react to that ploy and the result has been a rush of low-priced seats.

All this happened at a time when the dollar was diving. Add to that the fact that much European business is at the very time when the Americans themselves are enjoying home pleasures rather than heading for the resorts. Florida, for example, is a little hot in the high summer for the Americans themselves, so a summer influx of Britons and continentals eager to acquire a U.S. suntan is a welcome sight.

There is, of course, a degree of nail-biting over whether or not the dollar's relationship to sterling is going to remain at an advantageous level for the British. But most operators think there would have to be a really major change for there to be any substantial effect on demand.

Value

British Airways' Speedbird Holidays says unequivocably: "North America is going to be the world's major tourist destination in the 1980s. Until recently, traffic in the New World has been mainly on an independent basis, but the past 18 months have seen a greater emphasis on group travel, and this, combined with the stronger value of sterling, is creating an enormous growth market."

BA reckons that "in terms of hotel accommodation, air transport and local transport facilities, America is well geared to provide the services required but, in spite of a common language and shared traditions, the first-time visitor will find a completely different life-style and the American way of life may seem, at first glance, somewhat foreign."

So might the American way of tourism. The difference between many British package tours to Europe and similar trips to the U.S. is that an American-style package often, but not always, leaves the visitor much more to his own devices. American travellers are used, for example, to complaining direct to hotel staff if things go wrong, rather than running to a tour representative.

American money habits are different — travellers' cheques are used as cash in stores and hotels, whereas in Europe they tend to be cashed at banks first, a practice U.S. hotels and banks are utterly baffled by.

American insistence on credit cards is a mixture of myth and fact. Most hotels will ask to see your credit card, but are really using it only as a means of identity and a reassurance against your running up huge bar bills and then disappearing.

They will happily take cash and, if you absolutely refuse to use credit cards, usually will accept a sight of your passport as an assurance of identity. Only renting a car is difficult without credit cards and even then a fistful of money usually quietens the most questioning of staff.

America is certainly different but the package tour companies and airlines are finding that their clients feel the difference is an appealing one. Obviously all think that the growth in the market will continue to be substantial and, while the price and marketing war continues, it is going to continue to be a buyer's market.

Arthur Sandles

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Hotel chains across the country guarantee uniformity and good value. This one is in Las Vegas

Hotels offer value for money

ALL THE way from their free nationwide reservation systems to their individually packed and "sanitised" toothglasses, American hotels have a well-earned reputation for efficiency and cleanliness. There are exceptions, of course, but it is rare that a traveller lodging in medium-priced accommodation feels he is getting poor value for money.

Conversely, it is rare that a traveller can tell the difference between a motel in Florida and one hundreds of miles away in Oregon. Despite all the attempts to dress hotels up in "local colour," there is a remarkable sameness about American lodging houses where-ever they may be. Again, there are exceptions.

Both these attributes — efficiency and sameness — have to do with the fact that the vast majority of American hotels are run by only a dozen or so large chains: Holiday Inns, Best Western, Howard Johnson, Ramada Inns and so forth, with the Sheratons, Hiltons and Intercontinentals occupying the higher echelons.

This enables the companies who own them to achieve tremendous economies of scale by buying everything from monogrammed soap tablets to colour TVs in bulk. But similarly, many of the chains build most of their lodging using the same architects plans. Howard Johnsons, for instance, has near-identical establishments all the way along a large section of Interstate 95, the main motorway running up the U.S. East Coast.

Guarantee

However, for the foreign traveller touring the U.S., these chains have great advantages. Because they have unified reservation systems, a single toll-free telephone call can often reserve rooms all round the country. Similarly, some chains guarantee certain facilities at all their establishments, whether they be in New England or California. Holiday Inns, for example, always have a laundrette, a great boon for family or group travellers who want to save the expense of sending their washing out.

And whatever monotony the sameness may produce, it is also a guarantee that a hotel in some distant town will live up to expectations.

Rates in U.S. hotels have been affected by inflation, like everything else. But prices need not be excessive, particularly if travellers take advantage of the family or special rates on offer. Many motels will accommodate two children under 18 free if they stay with their parents. During this summer's season, a typical price for a double room was $30, though it could range from $20 to $50 a night. In popular resort areas or large cities, prices would be somewhat higher.

These rates invariably include TV and air conditioning (a must almost everywhere in the summer months), and sometimes a swimming pool and sports facilities such as a tennis court as well.

But though the large chains account for the majority of hotels and motels, the traveller seeking less-standardised accommodation need not despair. The wealthy, of course, can stay at the palatial or exclusive hotels to be found in all cities and resorts. But these can be unpredictable. Some are housed in grand old buildings with hesitant elevators or noisy plumbing, while others have managed to preserve a style and level of service which has all but died in Europe, the model which they presumably emulate.

At the other end of the market, there are numerous private establishments of varying quality. Some pamper their guests with the devotion found only in hotels where the proprietor is the man behind the desk. Others are tatty and seem to care little.

What the U.S. conspicuously lacks is the bed and breakfast or pension accommodation so popular in Europe: cheap, traditional and cosy.

Travellers in the east of the U.S. have another option: the country inn. Surprising though it may sound, there is a large number of attractive and genuine old hostelries in the U.S. dating back to colonial and early post-revolutionary days, though for that very reason they are found only in the early settled states.

Rambling

Some, like the venerable Red Lion in Stockbridge, Massachusetts—with its rambling corridors, period furniture and exposed plumbing—would fit perfectly into an old English country town. Others, benefiting from the new interest in old inns, have been refurbished by enterprising individuals into establishments which offer both comfort and character. The Redcoat's Return in the Catskill Mountains a couple of hours north of New York City would fit into this category.

Americans are strictly seasonal travellers. The summer season starts on Memorial Day in late May and ends on Labour Day in early September. Between those two dates resorts and hotels tend to be jammed, and reservations are essential, preferably well in advance. Outside those dates, though, travel is uncongested and reservations are not always needed except at holiday weekends. However, hotel reservations can be a problem in large cities.

In recent years, urban hotel accommodation has fallen far short of demand as old, uneconomical hotels shut down and were not replaced by new capacity. The problem is particularly acute in New York where it is almost impossible to get a hotel room during the busy seasons, and extremely hard to get one at other times. It is not uncommon for travellers to find themselves staying in Long Island or across the Hudson River in New Jersey.

New York is tackling this problem with a major hotel building programme which should start bearing fruit next year. Travellers would still be well advised to book in advance, though.

Other cities can also be surprisingly congested: Washington, San Francisco, Los Angeles, Pittsburgh, Atlanta, Minneapolis. All have their problems, particularly if more than one convention is meeting in town at once.

The hotel industry itself is going through something of a shake-up. The recent gasoline crunch hit the profits of companies such as Howard Johnson which depend heavily on motorist occupancy, and it is not too clear yet how permanent the change in driving habits will be.

However, Imperial Group of the UK seems to be confident in the future. It recently made a $630m takeover bid for the Howard Johnson chain, which was more than twice what the stock market thought the company was worth. If this deal goes through, it will greatly strengthen Britain's presence in the U.S. lodging business. Earlier, Trust Houses Forte took over Travelodge, a large motel chain. THF also owns various prestige hotels such as the Pierre in New York.

David Lascelles

Competition is keen in car hire sector

EVEN BY the rough and tumble standards of the car rental business there was more than a touch of madness about the month of October in the U.S.

The craziness began when Budget Renta Car, the country's fourth-largest car rental company, launched a major advertising campaign during the prime viewing season of the world series baseball tournament.

The gist of the ads was that whatever Hertz, the industry leader, could offer for a small car day rental rate Budget Renta Car could do it $10 cheaper.

Hertz, which has something of a reputation for taking umbrage at this cut-and-thrust style of advertising common in the car rental industry, responded by slashing its rates by over 30 per cent to match Budget and demanded that the television networks drop the Budget commercials.

Budget hit back with a second advertisement, claiming that it could undercut by $10 on the daily rate for intermediate size cars. Hertz responded in similar vein to the small car challenge and again demanded the withdrawal of the ad.

After a few more days of claim and counter-claim the upshot was that rates returned to their previous levels, with Hertz claiming that Budget could not enforce its price structure anyway because of its franchising system and Budget happy that in its own view it had proved the point that it was and is the cheapest of the big four car rental companies.

It is impossible, from a consumer survey point of view, to provide solid and objective guidance as to which company really is cheapest. The only way to tell is for each customer to work out in detail his own requirements on car size and as precisely as possible the distance he expects to travel over what period of time. If such a calculation is made the rate available in any given part of the U.S. can be seen to be dramatically divergent, with gaps of 200 or 300 per cent.

Effort

Generally speaking, unlimited mileage deals are best, but even this is not true where one company might be offering the first 100 or 200 miles at no extra cost to its basic daily charge.

As a rough guide, the going rate is about $20 a day for a small car on unlimited mileage or $100 for a weekly rental. Weekend rates are slightly lower in most cases and every company boasts cheaper rates in Florida, where the tourist business is strongest. Although leisure travel accounts for no more than 20 per cent of the industry's business it is the most rapidly-growing sector and the area where the companies are currently putting a lot of effort.

However, for the tourist, the basis for a decision on whose car to hire often comes down to which company is represented at the airport. Airports are the U.S. industry's key selling point and competition for floor space at the airports has intensified since a Federal Trade Commission investigation in 1976 forced the three largest companies in the industry—Hertz, Avis and National—to end their alleged collusion to keep out the competition.

Budget, which three years ago had counters at 94 U.S. airports, now has 180 such offices in the U.S.

Airports have always been the main point of sale for business customers but the preponderance of fly-drive packages for tourists is increasing further the importance of an airport presence. There are a number of European tour operators who now sell fly-drive direct and within the U.S. the domestic fly-drive network is extremely well developed.

Crisis

A lift was given to the fly-drive business in particular and car rentals in general by the petrol shortage in the U.S. earlier this year when, initially for reasons of cost, the long car trip was often replaced by the flight plus car rental. As the fuel crisis worsened the rental companies also gained ground with their ability to offer a full tank of petrol with their cars. "California drivers rent their gas—with a car thrown in" as one headline of the period put it.

All of the major companies expect this growth to continue. Budget's sales were up 40 per cent last year at $350m. National says its number of transactions is up 16 per cent this year against last year. Hertz showed first-half revenue of $541m this year—a gain of more than 20 per cent—and says it expects the number of transactions it handles next year to increase by 12 per cent.

Avis's sales and profits have also grown strongly in the last year. Even America's demographic trends favour the industry, with an increase in the 30 to 40 age group of the population—the industry's biggest customer group—excepted in the 1980s.

Market shares are harder to define and the various versions are usually hotly contested by the companies. Suffice it to say that Hertz probably leads with about 40 per cent, followed by Avis with approximately 25 per cent, National 20 per cent and Budget some way below that. These figures are derived from censuses at airports.

None of the conglomerates which owns the four leaders can be dissatisfied with either performance or outlook in spite of the harsh words which the rental companies themselves often resort to about each other. Hertz is owned by the RCA group, Avis by Norton Simon, Budget by Transamerica and National by Household Finance.

If the customer is to achieve equivalent satisfaction there is no substitute for shopping around. There is just one other tip which does appear to hold good. That is in New York. Never rent a car in Manhattan where most of the concessions offered by the rental companies do not apply. It is cheaper to collect your keys at Kennedy Airport.

Ian Hargreaves

Buses' appeal grows

BEFORE THE introduction of a *nationwide 55 mph speed limit* in the United States it was a *common sight on motorways to* see sleek, silver Greyhound buses *cruising* by at 80 or 90 miles an hour on their way to any one of the 14,000 destinations the buses serve.

Now the buses go slower (though not always quite as *slowly as the speed limit) but* they still offer an unrivalled way to travel across America. Both Greyhound and Continental Trailways, *the two main* inter-state bus companies, offer very competitive rates for periods of unlimited travel. And there is no other way to reach many parts of the country by public transport.

The bus companies first recognised their appeal to foreign travellers more than 20 years ago and both have offices in Britain and elsewhere in Europe. The number of foreign passengers has grown over the years although neither company has *precise figures because it has no* idea of the nationality of passengers *who buy tickets once in* the country.

Both Greyhound and Trailways are also now tapping the bus charter market for foreign tours and they expect this to be a fast-growing sector over the next few years as the fall in the dollar and the advent of cheap air fares make the U.S. a steadily more attractive place for European and Japanese visitors.

As generations of bus *travellers have discovered*, however, there are some dis*advantages to bus travel. Chief* of them is that most of the *terminals are located in the less* salubrious downtown areas of *America's larger cities—usually* areas of high crime rates where *it may not be safe to* venture late at night.

The terminals also tend to be some distance from good hotels and it is not always easy to find a taxi or a bus to get to them. Some travellers have been a little disillusioned after *being forced to spend all* night sitting in a forlorn terminal in *a large city.*

However, the companies say *that they have been making* big efforts to brighten their ter*minals and they point out* that most of the larger cities now have suburban terminals as well as a main interchange point in the centre for those travellers who want to stay out of the centre at night.

There is no denying that travel by bus is remarkably cheap. A 15-day Greyhound Ameripass or Trailways Eagle Pass allows its owner unlimited travel anywhere in the U.S. or Canada for only $195 plus a small fuel surcharge. The cost of the same pass for 30 days is $325.

It is possible to see a great deal of America in this way even in 15 days although it is probably unwise to rely on the bus for long-distance travel *right across the continent.* New York to Los Angeles, for *example, can* take as little as 44 hours straight through but *it is a punishing way to* travel 3,000 miles.

Most visitors, according to the bus companies, travel no more *than 400 miles a* day and use their bus passes to break carefully-planned journeys. Thus they might take two weeks to *cross the country* by bus and then fly back to New York.

Advantage

Alternatively, both companies offer passes for unlimited travel within particular areas, of which California, New England and Florida are the most popular. These are cheaper than the nationwide passes but are less favoured by foreign travellers who prefer the flexibility to travel anywhere they wish.

The advantage of bus travel—above all its flexibility—has not been lost on a number of European package tour operators who now offer two or three-week bus trips across the U.S. from New York to California or vice versa.

These trips are usually made in 35-40 seat buses which are fully air-conditioned and with a guide provided. Hotels are booked and pre-paid in advance and sightseeing is also thrown in. These tours have already proved so popular *that the com*panies are making arrangements *to meet increased demand next* summer.

Last summer, when the petrol shortage was at its height, the *major bus* companies could not keep up with the demand for *charter buses as Americans* developed a new-found enthusiasm for all *kinds of public* transport. This has since waned but overall use *of the buses* this year has increased and the industry expects 350m people to travel on inter-city buses this year.

This figure is a significant *improvement on last year's 335m* but still well below the 386m carried in 1974 at the height of the first oil scare.

The most *important* consequence of this increase in bus travel has been that, particularly in summer and at holiday times, it can be very difficult to get on a bus. It is thus more essential than it once was to plan a bus holiday quite carefully in advance and, wherever possible, make advance reservations

It is also worth getting the Trailways or Greyhound schedules to see how much time journeys are estimated to take. Distances are vast by European standards and it is important not to plan legs which are too long for comfort. For example, a bus trip from New York to New Orleans can take 30 hours even though on the map it looks a relatively short distance. And in the West the journeys are even longer.

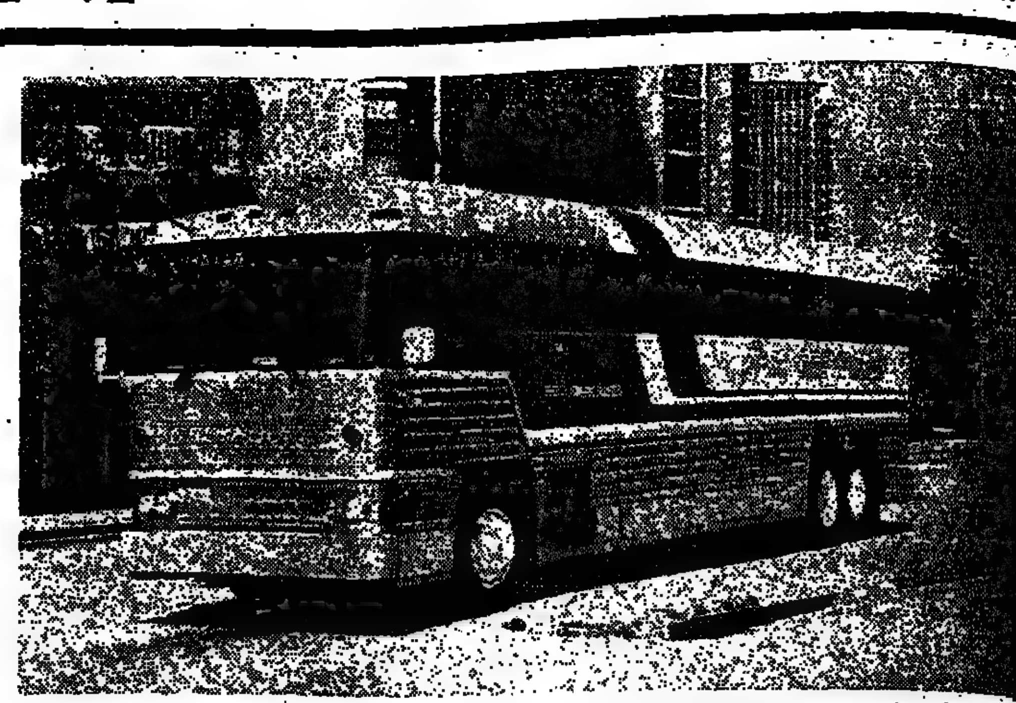
Greyhound and Trailways have been vigorous competitors for years but they have now entered a new *period which* promises to be even more com*petitive.* Trailways was sold in August to a private group headed by Mr. James Kerrigan, formerly the chief executive officer of Greyhound. Analysts expect the two companies to be much more aggressive in the future as a result.

For its part Greyhound is a subsidiary of the Greyhound Corporation, a conglomerate with headquarters in Phoenix, Arizona. In 1977 Greyhound Corporation had gross revenues of $3.9bn. The transport division of the Greyhound Corporation, which includes some local bus lines, as well as the inter-state services, had net earnings in 1977 of $26.5m. Last year, it reported a drop in earnings to $21.5m.

But although the industry is dominated by Greyhound, which is three times larger than Trailways, its largest competitor, these companies do not have the market to themselves. There are 1,100 independent inter-city bus *companies in the U.S.* which specialise in inter-state or inter-city travel. And *they operate* apart from the authorities that *run public transport systems in* the nation's cities.

The rise in the *price* of petrol has given the bus a new-found *popularity but it is still,* in American terms, not nearly as *popular as* air travel. For foreigners, however, it is a superb system which, if used carefully and with trips planned in advance, can be the cornerstone of a very successful holiday.

David Bell



Air-conditioned buses such as this one operated by Greyhound are an unrivalled and inexpensive means of travelling in the U.S

Rail routes rescued

THE AMERICAN passenger rail *network, neglected* and grossly under-financed for more than 30 years, is now only a shadow of its former self.

Visitors to the United States who expect anything similar to the European or Japanese network of frequent, high-speed trains will, for the most part, be disappointed. But the train is still a good way to see some of the most beautiful—and most remote—parts of the country, and there are still a few routes where the train is as convenient as it is in Europe.

In 1971 Congress rescued what was then left of the American rail system to prevent passenger services vanishing altogether. Most of the country's railroad companies had long since lost interest in passengers and abandoned *them in favour of* freight. Airlines and inter-state bus services *willingly took* over the rail passenger market and the *railroads scarcely bothered* to compete.

The new body created to run the passenger network was *called AMTRAK and it faced* an unenviable task. Locomotives, *carriages,* track and stations had been starved of capital since the early 1950s. And although AMTRAK was given authority to run trains, to begin with it did not own any of the track. Thus it had to route its trains over track owned by 17 different railroads, none of which wanted anything to do with passenger trains.

By law such trains have always had priority over the long, lumbering *freight* trains operated by these railroads. But it is a difficult law to enforce and it has proved even more difficult to get these companies to upgrade their track so that passenger trains can be run at speed.

AMTRAK's other major problem has been an enduring shortage of carriages. Whereas British Rail operates over 11,259 miles with about 17,400 carriages AMTRAK's network extends over more than *20,000* miles and has only 1,670 carriages *to serve it.*

The combination of equipment *shortages,* bad track, dirty stations and slow trains has *given AMTRAK something of a* bad name within the U.S., but it has been fighting back and a vast programme of new investment is at last beginning to bear fruit.

Comfort

For the European visitor this is good news because it means that trips can now be made in new carriages whose standards of comfort are very high by European standards. The "coach" class carriages—which are the equivalent of second class—are more comfortable than those on British Rail and "club" or first class feature very comfortable seats with full *waiter service* at the seat.

A new fleet of long-distance *sleepers—the first to be built in* the U.S. for nearly 30 years—is now coming into service. Within 18 months they will be standard equipment on many long-distance trains.

Indeed these new carriages are another sign of the way that AMTRAK is developing into two quite distinct railways. On the one hand are the so-called corridor services which offer a fairly high-frequency service over short distances. These include the Chicago-*Detroit* and *Chicago-Milwaukee* services as well as the San *Francisco to* San Diego *service* where the number of trains has *been doubled.*

More important, it also includes the Boston-New York-Washington route known as the north-east corridor. This is the only part of the U.S. which offers the kind of rail *service* to be found in Europe or Japan. The track on this 450-mile *route* is *now* being rebuilt at a cost of $1.6bn and the *corridor is* served by about 120 trains a *day.*

When the rebuilding is com*pleted the journey from New* York to Washington will take *about 2 hours 40 minutes* which will make it very competitive with *the air shuttle which goes* between two airports that are a *little way from the centre of* both cities.

Visitors to the Eastern coast of the U.S. find this service very *convenient* and AMTRAK *offers* a range of tours allowing one or two *night stops* in such places as New York and Philadelphia *with hotels and sight*seeing included in the package.

But in the rest of the country trains are much more of a rarity. The journey by train from New York to Chicago, for example, takes about 18 hours compared to the 12 hours taken by crack trains before the Second World War. From New York to California can take three days or more—a whole day longer than the same journey by bus.

The number of trains has been cut. There is, for example, only one train a day each way between Los Angeles and Chicago and only three a week between *Los Angeles* and New Orleans.

Beauty

However, it is on these long *distance* trips that a visitor really comes to appreciate the *size and the natural beauty* of America, particularly in the West *where* the rail lines pass through wild and unspoilt country and the views are tremendous. AMTRAK offers tours which allow the traveller to break a journey and hire a car to explore before picking up the train again a day or two later.

Indeed, the very slowness of the trains comes to have its own appeal as they lumber on routes laid down more than a century ago—routes that did more than anything else to unify the country during the heady period of expansion.

In the past six months, however, AMTRAK has also suddenly found itself popular for other reasons. The shortage of petrol this summer—and the sharp rise in its price—has led to a significant increase in the number of people travelling by train. In the first nine months of the year the total number of riders increased by 12.8 per cent to more than 20m.

The immediate consequence of this was that AMTRAK reservation phone lines could not handle the upsurge in ticket bookings. And only days after it was introduced AMTRAK cancelled its cheap fare for foreigners on the grounds that summer trains were too crowded to *allow anyone to travel* at *reduced rates.*

The petrol station queues have gone now and the trains *are not so full except at holi*day times. AMTRAK is now considering *re-introducing* its concessionary tickets for foreigners but only during the *spring* and *autumn.* It is unlikely that *it* will introduce cheap summer fares for the *foreseeable future.*

The increase in demand for space on the trains has made it essential that anyone travelling on *them* should book in advance. On the North East Corridor this is not always necessary (though it *is* essential on the high-speed Metroliner trains) but elsewhere in the country it is now very unwise to travel without a booking.

When inquiring about reservations it is important to look *at all the various special* tickets available and it is also worth getting hold of AMTRAK's own leaflets which give details of a range of package tours offered on behalf of AMTRAK by private operators.

Armed with a proper booking and plenty of time and patience there is nothing to match a *long* journey through America by train. AMTRAK itself has more or less given up its aim of breaking even any *time soon.* At the moment the federal government subsidy on the railways is more than half the cost of *every ticket.*

Costs are rising so fast that *it is difficult to see how* this subsidy can ever be cut by very *much. So it is always* possible that Congress will lose patience *with passenger transport on the* railways and decide to cut out *forever the long-distance* trains that make their *slow* way across *the country.*

It is worth taking one before they are gone for good. The aeroplane and the bus may be faster—or cheaper—but they are no substitute for the train. Even if it does arrive half a day late.

David Bell

Christmas nut supplies assured

By Our Commodities Staff

SUPPLIES OF walnuts, filberts and Brazil nuts will be plentiful this Christmas and prices are expected to be little changed from last year. Only almonds will be in short supply and expensive, the Fresh Fruit and Vegetable Information Bureau has reported.

Fresh or "wet" walnuts from France are already in the shops, retailing at about 70p to 75p a pound. But supplies will shortly be boosted by the arrival of the UK's annual shipload from China. These will sell at about last year's price of 50p to 55p a *pound*.

The cargo vessel Huating, bringing almost all the country's seasonal supply, is expected at Avonmouth later this month. Some shipments of best quality, expensive walnuts from California are also expected, and France *may send more* nearer Christmas, depending on the state of the market.

Mr. Alan Southwell, director of Produce, Packers and Merchants, a major importer, said early forecasts of a small crop of Brazil nuts had been considerably revised. There would be far more Brazil nuts available than last year and prices will be lower, he said.

Brazil nuts are now fetching 42p to 48p a pound retail.

Beef price rise forecast next year

By A Correspondent

MOST FORECASTS for beef producers' earnings during 1980 are too pessimistic, a leading British beef specialist said yesterday.

"Many commentators see a *gloomy future for livestock producers*," Dr. David Allen, head of the Meat and Livestock Commission's beef improvement service, told a farming conference in Aberdeenshire.

"But the number of cattle in the pipeline is low. Already beef production in 1979 is expected to be 3 per cent less than last year with a further reduction of 4 per cent in 1980.

"These trends, given a reasonable stable demand for beef, should mean a strong market."

Dr. Allen admitted that beef producers tended to be rather unenthusiastic about their prospects at present. In the hills and uplands, farmers were inclined to favour sheep while on low ground farms the preference was for cash crops.

London precious metals futures market urged

BY JOHN EDWARDS, COMMODITIES EDITOR

A SUGGESTION that the London Metal Exchange should start a separate precious metals market, including a gold futures contract, *is likely to be discussed* today at a meeting of the LME management committee.

The proposal comes from the Guinness Peat Group in a letter *circulated to all ring-dealing* members this week. The letter, signed by Mr. D. L. Burt, a deputy chairman of Guinness Peat, says the possible introduction of a gold futures market in the same ring as the other existing metals contract looks a "rather *frightening prospect*."

It comments that the recent relaxation of foreign exchange controls (and the lifting of the ban on UK citizens owning gold bullion) has increased both the likelihood and urgency for a London gold market.

But, the letter added, there are a number of compelling reasons why the precious metals should be traded on a separate ring. One is that in order to compete more effectively with overseas markets, particularly in the U.S., there would be a strong case for *having* continuous silver, and hopefully gold, trading rings open for one or two hours each morning and afternoon. In addition, there *was a strong case for* extending forward quotations on the precious metals beyond the present three-months period ahead.

Mr. Burt pointed out, however, that *if* the precious metal markets attracted the vastly increased turnover expected, a more comprehensive system of financial controls would become essential.

The LME management committee meeting has been called *basically to consider the initial* proposals on the viability of introducing a gold futures market.

It is recognised that there are several problems to be dealt with, particularly financial arrangements. There is general agreement that a gold futures *market would have to be backed by some form of clearing house* system in view of the huge sums likely to be involved.

But a clearing house system for the base metal markets has been rejected by a majority of members on the basis that it *would reduce trade participation* and encourage speculation.

There is, therefore, a good case for creating a separate market for precious metals—*gold, silver* and possibly platinum—with its own clearing system and probably a different membership. There is a parallel example in the U.S., where *there are separate memberships* for exchanges dealing in very different markets, such as livestock and interest rate futures.

Mr. Ian Foster, chairman of *the LME management committee* and a member of the special gold sub-committee, pointed out yesterday the Exchange had the existing infrastructure to start a gold futures market.

But he stressed that a decision whether or not to start gold futures trading would not be taken in a rush.

The Exchange plans to move into larger premises in Plantation House, which many members feel is essential before a gold contract could be introduced. But it will be at least nine months, and possibly longer, before the move can be *made*.

Commission backs sugar cut

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission yesterday approved proposals for a Community sugar regime for 1980-85 which would trim the *EEC's exportable surplus* to around 2m tonnes a year from the present 3m tonnes.

And in Canberra, the Australian Government strongly *attacked* the EEC *practice of* dumping surplus sugar on the world market with the help of massive subsidies. *Mr. J. D.* Anthony, deputy Prime Minister, accused the Community of "deplorable economic irresponsibility."

He expressed hopes that the EEC, in formulating its new sugar regime, would take note of this week's GATT report which found "that the EEC's subsidy system and its application had helped to depress world sugar prices in recent years causing serious prejudice indirectly to Australian interests."

However, the Australians are not expected to draw much comfort from the Commission's plans, which call for a 10 per cent *cut in the amount of* EEC sugar eligible for price support.

This leaves a basic production quota of 10.3m tonnes together with a further 1.3m tonnes of *EEC sugar which Community* beet growers say is "displaced" by corresponding imports of cane sugar from African, Caribbean and Pacific countries, and which therefore get export subsidies.

With EEC domestic consumption stable at 9.5m tonnes, this leaves the Community paying export subsidies on the remaining 2.1m tonnes, assuming the world market remains below the high EEC price.

However, it is planned to raise the production levy on B quota sugar of 1.7m tonnes from 30 to 40 per cent of the intervention price. The Commission estimates this will cover the cost of export subsidies for 855,000 tonnes.

The Commission's proposals will go before the Council of *Ministers later this year where*, judging by past performance, they could be substantially watered down.

World market strength

WASHINGTON — The recent *strength in world sugar prices is* expected to continue into next year, especially if the U.S. ratifies the International Sugar Agreement, according to a report by Agriculture Department economists, published yesterday.

Looking further ahead, meanwhile, a World Bank economist said he expected sugar prices to reach a peak around 1983 or 1984.

Jose de Vries, of the Bank's commodities and export projections division, said: "Prices will probably exceed 20 cents a pound in 1979 terms over this period, but whether the actual peak will be 25, 30 or even 40 cents a pound is anybody's guess."

Reuter

Guatemala halts coffee exports

By Our Commodities Staff

GUATEMALA HAS suspended exports of coffee from the 1979-80 harvest, Cr. Eduardo Gonzalez, president of the Exporters Association, announced in Guatemala City yesterday.

He said the decision had been taken by the National Association of Coffee and the Exporters Association.

A joint communique said the step had been taken "in *accordance with* resolutions taken by the remaining members of the Bogota Group aimed at achieving price stability in international markets."

El Salvador and Mexico suspended coffee export sales earlier *this* week.

In Rio de Janeiro, meanwhile, coffee trade sources told Reuter the Bogota Group producers are expected to look closely at export policy over the coming months *when they meet today*.

A *central issue* is likely to be how far other producers will be willing to restrain exports to allow Brazil to sell more coffee in November and December, they add.

Uncertainty ahead of the Bogota Group meeting encouraged a rise on the London futures market yesterday but dealers said the Guatemalan news had little effect on prices. January *delivery coffee futures* ended the day £27 higher at £1,838 a tonne after reaching £1,845 during the day.

NZ meat strike settlement 'very likely'

WELLINGTON — A return to work by New Zealand meat export workers, on strike since Monday, is "very likely," Mr. A. J. Kennedy, secretary of the Meat Workers Union, said here yesterday.

Employers have agreed that a back-pay dispute involving Southland Alliance beef slaughtermen should be regarded as a local dispute, *clearing the way for talks to* resume on a new national wage award.

The strike has raised fears that Christmas shipments of lamb to *England and shipments* to Iran may be affected.

Reuter

UK AGRICULTURE

Difficult future for hill farmers

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

HILL AND upland farmers, particularly in the North of England and Scotland, face a difficult future. Not only did they suffer one of the worst winters for many years but the summer, in many places, has been so bad that *even those with* land on which hay or silage could be made, have failed to do so.

I was in southern Scotland last week, and there was *still* hay in the fields and uncut crops of oats and barley.

This has been reflected in the trade for hay and feeding straw—*already fetching up to double* last year's prices. The cost of feedgrains, oats and barley, is also up by some £15 per tonne, which is gound to be reflected in the price of compound feeds.

To make matters worse, the prices hill farmers have been receiving for their source of income—sheep—have been at least 20 per cent down on the levels reached last year. This *applies to lambs and cull ewes*. Prices of cattle have been very little above last year's levels.

Small wonder then that the farmers unions have been *demanding an increase in the* hill sheep and cattle subsidies, already augmented by an extra 50 pence per head granted earlier this year. Mr. Walker is *expected to make a statement* on the matter shortly. At present the rates work out at £4.10 for hill sheep and £29 for hill cows.

The Scottish Islands have already been recognised as a special case, and some £500,000 has been allocated there, mainly to subsidise fodder transport. At the same time, to help solve the farmers' cash flow problems, the subsidies will be paid as soon as possible.

But a solution to the problems of hill farming is far from *simple*. The main output of *hill* farms is store cattle and sheep for sale to lowland farmers, either for further fattening or for breeding stock. So far this year the trade for the suckled calves and store cattle has been at, or little above, last year's *levels*.

This is in contrast with the beef price, which has risen by about 10 per cent. It is one thing to raise the intervention price for beef, *but* quite another to persuade fattening farmers to pay more than they have to for the store cattle.

They have made profits this year, but costs are still rising against them. In any case, producing store cattle on the *hills has never been very profitable*. As a result, the breeding cow herd has been steadily falling, and the cost of replacement heifers has also declined.

Hill sheep sales fall into two categories—cull ewes and cross bred ewe lambs for breeding, *and store lambs, mainly males, for fattening* on lowland farms.

The price for lambs to be fattened is slightly below that ruling last year. The actual *return per kilo is much the* same as it was last year, but it is only kept at that level by the deficiency payment. This situation is an added incentive *to UK farmers to break into* the French sheep market.

Where hill farmers would be at one with the French would be in demanding a Community regulation and control of New Zealand imports. This is not yet official National Farmers' Union policy, but it is a very strong feeling at the grassroots.

The fall in breeding sheep *prices is potentially more serious* if only because several years of sharply rising prices undoubtedly raised the expectations of hill farmers. When buyers protested that they were pricing them out of the market, the answer was that the prices were set by *farmers competing* for sheep and the hill men were in no way profiteering.

Perfectly true, of course. But the fact was that the economics *of sheep farming have become* such that if any farmer has an alternative use for his land, such as grain growing or even dairying—he would be tempted to take it.

Another factor undoubtedly has been a reduction in the *profitability of arable farming* since the potato boom of three years ago. A certain amount of the high priced buying could well have been sparked off by tax loss considerations.

It must also be remembered that the last Budget has *substantially reduced* taxation on windfall profits as with the potato boom. Farmers would sooner have the cash to spend rather than waste it on *uneconomic livestock farming*. The same consideration, I understand, is now causing problems in the private forestry sector.

Finally, there are too many breeding sheep about for the market to absorb at the sort of prices current last year.

Debt problem for Danish farmers

BY HILARY BARNES IN COPENHAGEN

DANISH MINISTER of Agriculture, Mr. Poul Dalsager, told farmer leaders yesterday that *the state could not provide* direct help to farmers threatened with bankruptcy by high interest rates, rising costs and falling incomes. It might, *however, be able to help re*organise debt from short-term to long-term.

The Minister was told there were about 1,500 farmers with a ratio of debt to assets of *between 80 and 100 per cent* and about 250 farmers with debt ratios bigger than 100 per cent.

And farmers cannot expect any improvement in their earnings *in the current financial* year, according to a survey by the Institute of Agricultural Economics at the Copenhagen University of Agriculture.

Real incomes in agriculture *fell by 3 to 5 per cent in 1978-79*, and they are likely to show a further drop this year, the report said.

It said product prices would *rise 4 to 5 per cent but the cost* of farm inputs by 7 to 8 per cent.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange mainly reflecting the weakness of sterling. Forward metal opened at £978 but eased back to £973 on the pre-market owing to light liquidation. Thereafter the price *moved ahead on currency considerations* to touch the day's high of £987 around mid-day before easing to close *the late kerb at £983*. Turnover, 20,450 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	964-5	+5.5	966-8	+11
3 months	979.5-80	+7.25	983-4	+10
Settlem't	965	+6	—	......
Cathodes				
Cash	945-8	+10	946-8	+10.5
3 months	960-3	+8.5	963-5	+10.5
Settlem't	948	+11	—	......
U.S. Prod	—	......	*95-97.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £965, 64.5, three months £975, 75.5, 75, 76, 78, 79, 79.5, 80. Kerb: Wirebars, three months £981, 82, 83, 84, 83, 82, 83. Afternoon: Wirebars, three months £984, 83. Kerb: *Wirebars, three months* £981, 82, 83, 83.5, 84, 83, 82, 83.

TIN—Slightly firmer in quiet trading. A rise at Penang saw forward metal open at £7,500. However, hedge selling, lack of buying interest and the continued absence of consumer *demand caused the price to ease back* to close the late kerb at £7,475. Turnover, 700 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7550-60	+25	7640-60	+70
3 months	7490-500	......	7480-500	+50
Settlem't	7560	+20	—	......
Standard				
Cash	7650-60	+2.5	7640-60	+70
3 months	7490-5	+2.5	7480-90	+30
Settlem't	7560	+20	—	......
Straits. E.	‡$2055	+7	—	......
New York	—	......		......

Morning: Standard, cash £7,650, 40, 50, three months £7,500, 7,495, 90. High Grade, cash £7,660. Afternoon: Standard, three months £7,500, 7,480, 90, 80. Kerb: Standard, three months £7,480, 60, 70.

LEAD—Strong again as currency considerations, the firmness of copper and *influential buying from one particular quarter lifted forward metal from £563* in the morning to the day's high of £576 in the afternoon prior to a close on the *late kerb of £576.5*. Turnover, 9,725 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Cash	568-.5	+3.75	581-3	+15
3 months	565-6	+5	577-8	+14
S'ment	568.5	+5.5	—	......
U.S. Spot.	—	......	*57-55	......

Morning: Cash £569, 68.5, 68, three *months £563, 65. Kerb: Three months* £566, 67, 69, 70, 69, 70, 69, 68, 69. Afternoon: Three months £571, 71.5, 72, 73, 74, 75, 76, 77, 76, 77. Kerb: Three months £576, 77, 78, 77, 76.

ZINC—Held steady in quiet trading with the market sustained by the firmness of *lead* and copper. Forward material traded between £343 and £347 before closing the late kerb at £344.5. *Turnover, 2,125 tonnes.*

ZINC	a.m. Official	+ or −	p.m. Unofficl'l	+ or −
	£	£	£	£
Cash	333-5	−3.5	336-8	−.5
3 months	343-.5	−3.75	345-6	......
S'ment	335	−3	—	......
Prim w'st	—	......	*55-57.5	......

Morning: Cash £334, three months £344, 43. Kerb: Three months £344. Afternoon: Three months £345. Kerb: Three months £344.

ALUMINIUM — Higher reflecting labour troubles at Alcan and reports that the Japanese may have to cover substantial tonnages between now and February or March next year. Forward metal opened in the mid £780's and *moved up throughout the day to close* the late kerb at £797. Turnover, 3,425 tonnes.

Alumin'm	a.m. Official	† + or −	p.m. Unoffic'l	† + or −
	£	£	£	£
Spot	825-30	+14	835-40	+24.5
3 months	790-2	+8.75	796-8	+15.5

Morning: Three months £790, 91, 92, 93, 92, 91. Kerb: Three months £792. *Afternoon: Three months £793, 92, 95,* 96, 97. Kerb: Three months £995, 96, 97.

NICKEL—Gained ground following the downturn in sterling. Forward metal traded quietly, opening at £2,810 and rising to £2,820 before closing the *late kerb at £2,810*. Turnover, 154 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	2770-80	−20	2780-800	+17.5
3 months	2815-20	−22.5	2820-30	−22.5

Morning: Three months £2,800, 10, 20, 15. Afternoon: Three months £2,815, 20. *Kerb: Three months £2,815,* 10.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 18.05p an ounce lower for spot delivery in the London bullion market yesterday at 782.55p. U.S. cent equivalents of the fixing levels were: spot 1,640.0c, down 34.0c; three-month 1,679.0c, down 31.4c; six-month 1,709.0c, down 35.5c; and 12-month 1,754.8c, down 27.2c. The metal opened at 792-800p (1,665-1,680c) and closed at 785-790p (1,640-1,650c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	782.55p	−18.0	779.75p	−22.2
3 months	799.95p	−17.8	798.25p	−20.2
6 months	815.20p	−21.1	—	......
12months	840.55p	−15.7	—	......

LME—Turnover 136 (189) lots of 10,000 oz. Morning: Three months 807, 6, 5.5, 5, 4, 3, 6. Kerbs: Three months 803. Afternoon: Three months 802, 1, 800, 798, 96, 97; 98, 98.5, 98. Kerbs: Three months 795, 4, 6.

COCOA

Trading today over a narrow range in light volume cocoa futures closed some £10 below Wednesday evening. Producers again made limited sales of cocoa beans and products whilst *consumers remain sidelined and await* a reversal of the recent uptrend before re-entering the market, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or −	Business Done
Dec	1446-1447	−7.5	1461-45
March	1445-1446	−10.5	1467-45
May	*1465-1466*	*−9.8*	*1485-64*
July	1484-1489	−9.5	1502-1492
Sep	1500-1515	−8.0	1525-10
Dec	1518-1538	−7.5	1545-55
March	1540-1560	−5.0	—

Sales: 1,581 (4,070) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Nov. 7: 135.49 (133.27); Indicator price *Nov. 8: 15-day average 131.81 (131.74)*; 22-day average 134.69 (135.11).

COFFEE

Robustas opened £5-£10 higher as forecast and during a quiet morning session business was generally well matched on both sides of the market in a narrow trading range, reported *Drexel, Burnham, Lambert.* In the afternoon prices were kept buoyant by good trade and commission house *buying in the nearby position.* During a fairly active session and with currency *consideration* aiding the advance the market finished with gains of £27 on the day.

COFFEE	Yesterdays Close	+ or −	Business Done
	£ per tonne		
November	1805-10	+27.0	1815-64
January	1837-39	+27.0	1845-15
March	1759-61	+6.5	1770-58
May	1735-36	+11.5	1742-27
July	1725-30	+10.0	1730-20
Sept	1700-15	+55.	—
November	1685-15	+5.5	—

Sales: 5,445 (3,210) lots of 5 tonnes.

ICS indicator prices for November 7 *(cents per pound): Other Mild Arabicas* 206.00 (same). Robustas ICA 1976 176.00 (175.00). ICA 1968 176.25 (175.25). Unwashed Arabicas 212.00 (same). Comp. daily ICA 1968 198.92 (198.42).

GRAINS

LONDON GRAIN FUTURES—The *market opened 10-15p lower;* values eased during the morning session in thin volume. In the afternoon session some support was seen for the spot months which closed 5p up on wheat to 5p lower on barley, and reasonable commercial support for barley at 40p down rallied the market slightly to close 15-25p lower on the day. Wheat also saw some buying interest at 25p *down and values close 20-25p lower* on the day, reported Acli.

WHEAT M'nth	Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Nov	95.55	+0.05	92.75	−0.05
Jan	99.05	−0.20	96.30	−0.20
Mar	102.95	−0.25	100.15	−0.25
May	106.25	−0.25	103.50	−0.15
Sept	98.70	+0.10	95.60	+0.06

Business done—Wheat: Nov. 95.55-95.30, Jan. 89.15-98.90, March 103.10-102.80, May 106.40-106.15, Sept. unquoted. *Sales: 160 lots of 100 tonnes.* Barley: Nov. 92.70-92.55, Jan. 96.40-96.05, March 100.30-100.00, May 103.55-103.25, Sept. unquoted. Sales: 193 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1, 13½ *per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent,* Nov. 105.90, Dec. 106.35, transhipment *East Coast. U.S. Hard Winter, 13½ per* cent, first half Nov. 105.95, transhipment East Coast, first half Dec./first *half Jan. 107.75 direct shipment.* EEC unquoted. Maize: U.S./French Nov. 116.00, Dec. 117.00, transhipment East Coast. S. African White unquoted, S. African Yellow Dec. 80.00. Barley: English Feed fob Nov. 95.50, Dec. 98.00, Jan.-March 103.00 East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Location ex-farm spot prices. Feed barley: S. East 92.10, S. West 93.30, W. Midlands 92.00, N. West 93.60. Other milling wheat: W. Midlands 100.0, N. West 101.20.

The UK Monetary Coefficient for the week beginning Monday, November 12, is expected to increase to 1.121.

RUBBER

The London physical market opened *slightly steadier, with little physical* interest, and closed on a quiet note. Lewis and Peat reported a Malaysian godown price of 287 (285) cents a kg (buyer, December).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Dec	65.20-65.80	65.00-66.00	—
Jan	66.80-66.95	65.00-66.80	66.80-66.70
Jan-Mar	67.75-67.80	67.20-67.25	67.90-67.00
Apr-Jne	69.65-69.70	69.30-69.90	69.80-69.90
Jly-Sept	71.80-71.90	71.05-71.10	72.00-71.20
Oct-Dec	74.05-74.10	73.20-73.30	74.05-73.25
Jan-Mar	76.55-76.60	75.70-76.00	—
Apr-Jne	78.65-78.70	78.30-78.35	78.70-78.60
Jly-Sep	81.15-81.20	80.70-80.75	81.30-81.15

Sales: 310 (428) at 15 tonnes; 8 (2) at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.50p (62.50p); Dec. 67.25p (66.75p); Jan. 67.75p (67.25p).

SOYABEAN MEAL

The market opened with small gains on commercial buying, reported T. G. Roddick. Prices stayed in a narrow range during a *quiet trading* session.

	Yest'rd'y Close	+ or −	Business Done
	£ per tonne		
December	120.50-20.6	+0.10	120.30
February	122.70-22.8	+0.40	122.80-22.50
April	123.80-23.9	+0.40	123.80-23.50
June	124.60-25.0	+0.35	—
August	125.00-28.0	+0.75	—

Sales: 37 (89) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £155.0 (same) a tonne cif for Nov.-Dec. shipments. White sugar daily *price* was £181.0 (£184.0).

The market fluctuated within a 100 points range during the morning without any real direction but moved lower later when *New York* opened. However, after it was learnt that Barbados *had sold 10,000 tons raws for March* shipment at 15.01 cents a pound. Prices moved rapidly ahead and the *market* closed at the highs some £2.00 above the low points, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	170.00-70.75	171.00-71.50	172.00-68.80
March	176.10-76.20	175.75-75.90	177.50-74.00
May	176.25-76.30	175.85-75.95	177.50-70.00
Aug.	176.75-77.00	176.00-76.25	176.75-74.50
Oct.	177.50-78.00	176.50-77.10	177.25-75.50

Sales: 4,788 (5,336) lots of 50 tonnes.

Tate and Lyle ex-refinery price for *granulated basis white sugar* was £304.95 (same) a tonne for home trade and £241.50 (£242.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for November 7: *Daily price* 13.17 (13.16); *15-day* average 12.80 (12.74).

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only): Dec. 218.0, 238.0; March, May, July, Oct., Dec., March, May 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): Dec. 207.0, 214.0, nil, nil; March 208.0, 212.0, 210.0, 20; May, July, Oct., Dec., March, May 206.0, 212.0, nil, nil. Sales: 20.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron contract: Dec. 423.0, 434.0, 434.0-432.0, 25; March 452.0, 453.5, 453.0-450.0, 117; May 461.0, 462.5, 463.0-459.0, 111; July 467.0, 468.0, *468.0-464.0, 59; Oct. 470.0, 471.0, 470.0-*466.0, 55; Dec. 468.0, 471.0, 467.5-466.0, 12; March 469.0, 472.0, nil, nil; May 469.0, 475.0, nil, nil. *Sales: 376.*

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 8 1979	+ or −	Month ago
Metals			
Aluminium	£760/70	....	£760/60
Free Mkt (cs)	$1750/1800	....	$1870/90
Copper			
Cash w'bar	£967	+11	£940.5
3 mths	£983.5	+10	£948.5
Cash Cathode	£947	+10.5	£927
3 mths	£964.0	+10.5	£929
Gold troy oz	$390.	−5.5	$397
Lead cash	£582	+15	£518
3 mths	£577.5	+14	£502
Nickel	£3,185.22	....	£3,060.62
Freemkt(cif (lb)	285/280c	....	255/260c
Platin'mtr'y oz	£166.5	....	£161.0
Free mkt	£246.40	−0.9	£249.30
Quicksil'ver	$310/325	+7.5	$325/340
Silver troy oz	782.55p	−18.05	772.90p
3 months	799.95p	−17.85	789.80p
Tin Cash	£7,650	+70	£7,350
3 mths	£7,485	+50	£7,025
Tungsten	$142.72	....	$142.36
Wolfrm 22.04 cif	$139/143	−1	$141/148
Zinc cash	£337	+0.5	£352.5
3 months	£345.5	....	£341.5
Producers	$780	....	$780
Oils			
Coconut (Phil)	$955.0r	+2.5	$950.0
Groundnut	‡	....	‡
Linseed Crude	£417.0	....	£405
Palm Malayan	$630.0r	+10	$615.0
Seeds			
Copra Philip	$610.0r	....	$600
Soyabean(U.S.)	$287.50z	+1	$291.4
Grains			
Barley Futures	£96.50	−0.20	£98.00
Maize			
French No3AM	£116.0	....	£118.0
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	£105.95	−0.5	£102.25
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,532	−8	£1,561
Future Mar.	£1,445.5	−10.5	£1,484.5
CoffeeF't'rJan.	£1,838	+27	£1,866
Cotton A.Index	79.05c	−0.2	77.75c
Rubber (kilo)	63.50p	+1	62.00p
Sugar (Raw)	£155.0	....	£139.0
Wooltp's 64s kl	288p kilo	....	295p

* Nominal. † Newcrop. ‡ Unquoted. *p* Oct.-Nov. *q* Nov. *r* Nov.-Dec. *s* Dec. *t* Jan. *z* Indicator. § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 345 tonnes, bringing the total for the week so far to 1,040 tonnes. *Renewed pressure for supplies* developed leading to additional purchases. Most of these were in American-type varieties with attention centred on African and Middle Eastern styles.

*

HIDES—Manchester: Slightly firmer in some cases. Second clears. Ox 31-35.5 kilos, 53.1p a kilo (49.0p a kilo); 26-30.5, 62.1 (66.2); 22-25.5, 66.0 (67.0). Light cows 60.5p (65.0).

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at *representative markets* on November 8. GB cattle 74.49p per kg. l.w. (−0.23); UK sheep 128.1p per kg. *est.d.c.w. (−5.0); GB pigs* 78.4p per kg. l.w. (+1.4). England and Wales: Cattle numbers up 10.8 *per cent, average price 73.76p (−0.30);* Sheep numbers up 3.9 per cent, average price 128.6p (−4.8); Pig *numbers down 4.4 per cent, average* price 76.4p (+1.4). Scotland: Cattle numbers up 19.5 per cent, average *price* 77.45p (+1.06); Sheep numbers up 11.3 per cent, average price 124.0p (−8.0).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—S. African: Valencias 4.00-5.30; Brazilian: 3.30-4.80; Spania: Navelines 4.10-5.80. Satsumas—Spanish: 115/189s 3.00-3.80. Clementines—Spanish: 4.00; Moroccan: 4.20-4.80. Lemons—Italian: 100/150s 5.60-5.80; Cyprus: 11 kilos 95/120 4.20-5.00, 5 kilos 45/55 2.50; Spanish: 6 kilos 2.50-2.60. Grapefruit—Cyprus: 3.00-3.40; Jaffa: 3.90-4.40; Mexican: Pink 36/48s 5.50; Jamaican: 2.00; *Cuban:* 2.20-2.50. Apples—French: Golden Delicious, boxes 40 lb 138/175 3.20-4.50; 20 lb 1.40-2.80; jumble pack 31 lb 2.00-2.40; Granny Smith 20 lb 1.80-2.80; Hungarian: Starking 43 lb 138s 5.40. Pears—Italian: Williams per pound 0.15-0.19. Grapes—Italian: Italia per pound 0.25; Spanish: Almeria 1.40-2.00, Black 2.50-2.60. Bananas—Jamaican: Per 28 lb 3.90. Avocados—Canary: 4.00; Israeli: 3.60-4.00. Melons—Spanish: Green 4.50-4.80, Yellow 4.50, 15 kilos Green 8/15s 7.25-7.50. Onions—Spanish: 4.50-4.60; Dutch: 2.80; Polish: 3.30, Picklers 4.50. Tomatoes—Dutch: 3.60; Spanish: 3.40-4.00; Canary: 3.00-3.60. Cucumbers—Canary: 10/12s 1.60-2.00. Dates—Tunisian: 30s per box 0.36-0.42; Californian: Per pound 0.30. Chestnuts—Italian: 10 kilos 3.50-6.00; Spanish, 5 kilos 2.50-4.00; French: 10 kilos 3.20. Walnuts—Grenoble. Per pound 0.38; Chinese: Per pound Dry 30mm 0.40. Filberts—Per pound 0.28-0.30. Medium 0.24-0.26. Pecan Nuts—Per pound 0.65. Almonds—Per pound semi-soft 0.50. Figs—Smyrna. Per packet 48 x half-pound 0.20. *Nuts—Mixed per pound 0.33-*0.38.

AMERICAN MARKETS

NEW YORK, November 8.

LACK OF any news regarding Iran put *silver and gold under pressure most* of the day. Copper managed to maintain small gains, despite some trade selling. *Soyabeans finished fractionally higher*, while maize and wheat were unchanged to fractionally lower in a narrowly traded market. The entire livestock complex came in for moderate profit-taking. Cocoa was under pressure from trade selling and registered moderate losses. The coffee market was without any feature and moved slightly higher on very light volume. *Cotton continued its steady* advance to new contract highs, with short-covering the biggest factor. Sugar traded over a very narrow range for *fractional* gains. Heinold reported.

Copper—Nov. 93.80 (93.60). Dec. 94.50-94.90 (94.50), Jan. 94.95, March 95.00-95.20, May 95.60, July 96.00, Sept. 96.40, Dec. 96.80, Jan. 96.90, March 97.10, May 97.30, July 97.50, Sept. 97.70. Sales: 5,500.

*Gold—Nov. 389.80 (391.80). Dec. 393.50-394.20 (396.00), Jan. 399.30, Feb. 404.50-404.80, April 414.50-415.50, June 424.10, Aug. 433.10, Oct. 442.00, Dec. 450.50, Feb. 458.80, April 467.00, June *475.20, Aug. 483.40. Sales: 24,000.*

*Platinum — Nov. unquoted (unquoted), Dec. unquoted (unquoted). *Jan.* 510.50-512.00, *April 514.00, July* 520.80, Oct. 538.30, Jan. 533.30, April unquoted. Sales: 1,600.

Potatoes (round whites)—March 73.5 (73.5), April 90.4-90.5 (89.8), May 100.4-100.9, Nov. unquoted. Sales: 391.

¶Silver—Nov. 1650.5 (1658.0), Dec. 1665.0-1669.0 (1675.0), Jan. 1686.5, March 1725.0-1728.0, *May* 1749.8, July 1773.6, Sept. 1797.1, Dec. 1832.6, Jan. *1845.6, March 1869.1, May 1892.6, July* 1916.1, Sept. 1939.6. Sales. 4,880. Handy and Harman bullion spot 1622.50 (1679.00).

Tin—Unquoted (unquoted).

CHICAGO, November 8.

Lard—Chicago loose 23.00 (23.25). New York prime steam 24.50.

Live Cattle—Dec. 69.40-69.50 (69.87-69.45), Jan. 71.25 (71.72-71.25), Feb. 72.30-72.25, April 73.18-73.00, June 74.15-74.10, Aug. 73.15-72.85, Oct. *71.75-71.50, Dec. 72.60. Sales: 27,345.*

Live Hogs—Dec. 39.60-39.80 (40.22-39.70), Feb. 42.05-41.95 (42.50-42.00), *April 40.00-39.90, June 43.20-43.10, July* 44.20-44.12, Aug. 43.30, Oct. 42.60, Dec. 43.00, Feb. unquoted. Sales: 8,783.

‡‡Maize—Dec. 281-281¼ (282½), March 278¾-278 (279¾), May 289½-290, July 295¾-296, Sept. 299, Dec. 302.

Pork Bellies—Feb. 50.35-50.20 (50.80-50.27), March 50.60-50.70 (51.12-50.65), May 51.60-51.25, July 52.80, Aug. 51.50. *Sales: 7,879.*

Silver—Oct. 1644.0 (1660.5), Dec. 1658.0-1659.0 (1676.5), Feb. 1700.5, April 1726.0, June 1751.0, Aug. 1772.0, Oct. 1796.0, Dec. 1819.0, Feb. 1832.0, April 1856.0, June 1879.0, Aug. 1903.0, Oct. 1926.0, Dec. 1950.0, Feb. 1973.0, *April 1997.0, June 2021.0, Aug. 2045.0*

‡Soyabeans—Nov. 645-648½ (644½), Jan. 669½-670 (667), March 693½-694, *May 713, July 730-731, Aug. 737, Sept* 739-740, Nov. 746½.

‖Soyabean Meal—Dec. 184.00-183.70 (182.90), Jan. 185.90-185.80 (185.30), March 189.00-189.20, May 192.00, July 196.20-196.50, Aug. 199.00, Sept. 201.50, Oct. 203.50, Dec. 204.80-205.00.

Soyabean Oil — Dec. 26.10-26.03 (26.12), Jan. 25.80-25.85 (25.90), March 25.65-25.70, May 25.70-25.75, July 25.80-25.85, *Aug. 25.80-25.85, Sept. 25.90-*25.85, Oct. 25.85, Dec. 26.10, Jan. 26.00-26.05.

‡Wheat — Dec. 420½-421 (421½), *March 441-440½ (441), May 445½-445*, July 439½-440, Sept. 449½-450, Dec. 462½.

WINNIPEG, November 8. §Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 245.01 (same).

§Barley—Dec. 117.70 (117.50), March 115.70 (115.30), May 114.50, July 113.30, Oct. 112.60.

All cents per pound ex-warehouse *unless otherwise stated.* * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, November 8.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, mid-Dec./mid-Jan. $208, Jan. $210, Feb. $212, March $214. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter Dec. $153, Jan. $199, Feb. $200, March $202. U.S. No. 2 Northern Spring, 14 per cent, Nov. $203, Dec. $208, Jan. $215, Feb. $219, March $222.50, April-May $200.

Maize—U.S. No. 3 Corn Yellow afloat $139.25, Nov. $139.25, Dec. $141.25, Jan.-March $148.25, April-June $151.50, *July-Sept. $155,* Oct.-Dec. $158.

Barley—1/2 Canadian Feed/U.S. Nov. $167.50, Nov.-Dec. $167.50.

Soyabeans—U.S. 2 Yellow Gulfports afloat Nov. $269.25, Dec. $276, Jan. $282, Feb. $289.75, March $291, April *$295.75, May $296, June $301, July* *$301.50, Aug. $304, Sept. $305.25, Oct.*-Nov. $306, Dec. $311.50. Brazil Yellow Faq unquoted. Argentine May $290.50, June-July $291.

Soyameal—44 per cent protein U.S. afloat $238, Nov. $240, Nov.-March $242 traded, afloat $239, Nov. $241. Nov.-March $243, April-Sept. $243 sellers. Brazil Pellets Nov. $245 traded. Nov. $246, April-Sept. $250.50 sellers.

PARIS, November 8.

Cocoa (FFr per 100 kilos)—Dec. 1263-1275, March 1271-1275, May 1290-1299, July 1310, Sept. 1330-1362, Dec 1340-1380. Sales at call 3.

Sugar (FFr per 100 kilos)—Dec. 1580-1690, March 1610-1612, May 1625-1627, July 1625-1650, Aug 1645-1650, Sept. 1645-1648, Oct. 1652-1667, Nov. 1650-1670, Dec. 1650-1685. Sales at *call* 15.

INDICES

FINANCIAL TIMES

Nov. 7	Nov. 6	M'nth ago	Year ago
292.22	291.54	298.90	266.01

(Base: July 1, 1952=100)

MOODY'S

Nov. 7	Nov. 6	M'nth ago	Year ago
113·77	1185.6	1169.5	981.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 7	Nov. 6	Month ago	Year ago
Spot	406.80	400.99	413.99	395.42
F'tur's	40.788	407.55	418.42	391.98

(Average 1924-25-26=100)

REUTERS

Nov. 8	Nov. 7	M'nth ago	Year ago
1685.2	1685.1	1648.3	1521.1

(Base: September 18, 1931=100)

هكذا من الأصل

Interest rates fears persist and slide in Government stocks and equities continues—Index 5.9 off at 412.2

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 22	Nov. 1	Nov. 2	Nov. 12
Nov. 5	Nov. 15	Nov. 16	Nov. 26
Nov. 19	Nov. 29	Nov. 30	Dec. 10

* "New time" dealings may take place from 9.30 am two business days earlier.

After speculating throughout the morning about an imminent, and perhaps sharp, hike in Minimum Lending Rate, which induced frsh nervous selling of both British Funds and equities, the absence of any such announcement by the authorities at 12.30 pm failed to restore confidence and stock markets rlapsed into a mood of uncertainty yesterday.

The dejection was once again more noticeable in the Gilt-edged market. An attempt to hold a slightly highr opening price level failed miserably as selling pressure revived from both domestic and overseas sources. An inhibiting influence on the mediums and longs was the conviction that the authorities must sell stock soon, which would mean the activation of one, or even both, tap stocks, currently well below their respective issue prices.

Consequently, a recovery movement faded and quotations closed near the day's lowest with losses extending to a point. The shorts, meanwhile, drew a relatively thin trade and managed to sustain a rally which halved the falls in some 1984 maturities from ¾ to a maximum of ⅜. The Government Securities index ended 0.50 lower at 66.10 for a fall of 3.21, or 4.6 per cent, over the past five trading days.

Increasing fears about the possibility of a complete halt in Iranian oil shipments following recent developments in that country, and the strengthening belief that an increase in MLR had only been put off pending the British Petroleum offer for sale, worried potential investors in leading shares. Also a deterrent, was speculation that sizeable lines of stock were on offer outside the market.

The downdrift in leading equities was gentle until shortly after noon when increased offerings found the market unwilling. At mid-day the FT 30-share index was showing a loss of only 1.4, but an hour later the fall had been extended to 5.4. Thereafter, selling pressure eased, but the index drifted down a shade further to close 5.9 down on the day at 412.2.

Interest in Traded options continued to decline and yesterday's total amounted to 385 only, compared with Wednesday's 439 and Tuesday's 634. EMI again attracted most business with *112 contracts* completed.

Although the London debut of **Cluff Oil Australia** was deemed *successful, business failed to* match that in domestic markets overnight; the shares opened at *14p and, after touching 13p,* reverted to that level. The options traded narrowly and *closed at 9p.*

Banks better

Awaiting decisions on the subject of base lending rates, the major clearing banks made *modest progress.* **Barclays** *firmed* 6 to 388p and **Lloyds** improved 3 to 278p. **Bank of Scotland** *added 8 to 248p, while improvements* of 6 and 10 respectively were seen in **Allied Irish**, 118p, *and* **Bank of Ireland**, *330p.* A fresh setback in gilts signalled a further retreat in Discounts. Additionally aggravated by an uninspiring interim report, **Cater Ryder** lost 12 to 283p, while **Allen Harvey and Ross** relinquished 10 to 310p, **Gerrard and National** dipped 6 to 210p and **Union** receded 5 to 310p. Merchant banks came on offer with **Hambros** down 5 more at 263p and **Leopold Joseph** 10 lower at 140p. **Lloyds and Scottish** lost another 3 to 104p in dull Hire Purchases.

Insurances moved higher in places. **Pearl** put on 4 to 234p as did **Equity and Law** to 174p.

A shade steadier at the outset, leading Breweries lacked follow-through support and drifted off to close at the day's lowest levels. **Whitbread**, however, encountered useful institutional buying on the recent annual results and rose 3 to 121p. Secondary counters remained dull, **Boddingtons** falling 3 to 100p and **Belhaven** 2 more to 31p. **Higsons**, *on the other hand, added 2 to* 67p following the preliminary results. **Distillers** lost 3 at 214p.

Further selling developed of Building issues. The Timber sector became particularly vulnerable and **Magnet and Southerns** fell 13 to 124p, while **Montague L. Meyer** shed 4 to a 1979 low of 77p. Elsewhere, **Redland** remained on offer and eased 4 to 156p, **London Brick** cheapened 2 to 59p and **BPB** lost 3 to 138p. House-builders, **M. P. Kent** fell 5 to 73p on the projected increase in mortgage rates. Paints encountered further profit-taking and **Manders** slipped 7 to 138p, while **Leyland** receded 3 to a low for the year of 40p. **Brown and Jackson** eased 4 to 166p and **Wilson (Connolly)** 5 to 172p, but **Burnett and Hallamshire**, a dull market of late on the possibility of an opencast coal mining strike, rallied 10 to 415p in a thin market.

G. H. Downing found a little support and added 5 at 112p.

A reasonable business was transacted in **ICI**, which eventually settled 4 cheaper at 322p. Among other Chemicals, **Allied Colloids** eased 6 to 140p as bid hopes faded and **Carless Capel** shed 2 to 57p on profit-taking. **Norsk Hydro** advanced 3½ points to £55¼ on rumours of a North Sea oil find.

Bolstered further by bid speculation, **House of Fraser** *moved against a dull trend in* Stores, closing 4 to the good at 122p, after 124p, for a rise on *the week so* far of 11. **Gussies "A"** dipped 4 more to 344p, **British Home** gave up 3 to 233p and **UDS** eased 2 to 77p. **Marks and Spencer** finished the turn lower at 86p, after 85p. Secondary stocks were featured by a jump of 42 to 80p in **Harrot and Co.** on news that its parent company Kennedy Smale is bidding 80p per share for the outstanding 35 per cent of the equity it does not already own. **Milletts Leisure** fell 10 to 154p in reaction to disappointing interim results, while **Grattan Warehouses** softened 2 to 110p on adverse comment. Falls of 6 and 7 respectively were recorded in **Lee Cooper**, 216p, and **John Michael**, 30p.

Fresh concern about the high price paid to secure EMI's agreement to its latest share-exchange offer, prompted a further fall of 6 to 320p in **Thorn**; the shares have now reacted 90, or nearly 22 per cent, since announcing its first bid for EMI about three weeks ago. **EMI** moved narrowly and closed unaltered at 142p.

With the exception of **Vickers**, 2 dearer at 113p in response to *favourable Press mention, the* Engineering leaders drifted a shade easier. Elsewhere, **Staveley** *were a particularly weak feature* at 175p, down 13, on the sharply lower interim figures. **B. Elliott** *were vulnerable to fresh selling* and fell 12 more to 188p, while occasional offerings left **Wolseley-Hughes** 7 cheaper at 248p. **Birmingham Mint** weakened afresh to 168p, down 5, along with **Bullough**, 4 down at 180p. Selling by holders tired of awaiting developments in the bid approach from Costain left **Whessoe** 4 off at 146p. **Simon Engineering** drifted off to close a similar amount cheaper at 214p, while losses of 3 were recorded in **Howden Group**, 56p, **GEI International**, 59p, and **Moss Engineering**, 75p. **Newman Tonks** were quoted *ex* rights at 59p; the new nil-paid shares opened at 6 premium and fell to close at 2 premium.

J. Sainsbury opened a couple of pence higher at 265p and held that level throughout on consideration of the better-than-expected half-yearly results. Other Foods, although quieter than of late, gave ground on lack of support and the continued absence of buyers. **Bernard Matthews** lost 35 to 255p on persistent small selling, while **Amos Hinton** shed 8 to 68p and **Linfood** 7 to 142p. **William Low** eased 5 to 125p.

Nervous selling clipped 3 more from **Ladbroke**, which closed at a 1979 low of 161p, pending the *outcome of the London casino* appeal hearing. The lack of any interim dividend increase *unsettled* **Brent Walker**, *down* 8 at 80p.

Sothebys fall

Failing to draw much comfort from the decision to leave minimum *lending rate unaltered at* 14 per cent, miscellaneous industrial leaders lost more *ground yesterday, closing with* falls ranging to 10. **Glaxo** declined that much to a 1979 *low of* 390p, while **Beecham** relinquished 4 to 122p and **Bowater** shed 3 to 157p. *Elsewhere.* **Sothebys** came on offer and fell 25 to 325p, while **Carlton Industries**, *270p*, and **BTR**, *276p*, lost 10 and 12 respectively. **Booker McConnell** gave up a further 7 to 252p as did **R. H. Cole** to 93p and **G. W. Sparrow** to 133p. Comment on the disappointing results left **Central Manufacturing and Trading** 4 off at 59p but **I. C. Gas** improved 6 to 584p on rumours of a new oil find in the North Sea. **Johnson Cleaners** added 3 to 124p, while **Dunbee Combex**, 38p, and **Office and Electronic**, 216p, hardened 2 apiece. Further consideration of the return to *profitability at the half-way* stage left **Henry Boot** 11 up at 123p, after 127p.

Among Leisure issues, **Horizon Travel** and **Boosey and Hawkes** shed 7 apiece to 195p and 145p *respectively, while* **Pleasurama** eased 5 to 130p. **Ulster Television** gave up 2 to 76p awaiting *today's annual results.*

Reports of good October car sales prompted early strength in Motor Distributors and, although prices drifted off in the later trading, selected issues retained modest rises. **T. C. Harrison** ended a shade firmer at 65p, after 67p, while **Henlys** hardened the turn to 108p. An investment recommendation helped **Hanger** improve a couple of pence to 54p, but **Hartwells**, 66p, eased 2 on further consideration of recent trading statements. **Harold Perry** were again sold and closed 4 lower at 117p, while **Godfrey Davis** eased to 105p; the latter's interim results are expected on Wednesday. Components traded quietly and were little altered on their overnight levels. **Dunlop** shed a penny to 46p, while **Airflow Streamlines**, at 44p, lost Wednesday's gain of 2 which stemmed from the mid-term profits.

Portsmouth and Sunderland Newspapers firmed a few pence *to 77p on the interim statement,* but other Newspapers were barely changed from the over*night* positions. Elsewhere, **Bemrose** met speculative support and rose 8 to 55p, but **McCorquodale**, 94p, and **Watmoughs**, 120p fell 6 and 8 respectively. **DRG** remained friendless and closed 3 off at 88p.

Despite the unchanged Minimum Lending Rate, the threat *remained* of higher interest rates in the near future and prompted further nervous selling of Property issues. **Land Securities** again on offer at 256p, down 4, and **M.E.P.C.** cheapened 2 to 144p. **Scottish Metropolitan** came under pressure and shed 5 to 111p, while **Peachey** eased 3 to 100p. **Hammerson A** gave up 15 more to 745p awaiting today's interim figures. **Great Portland Estates** and **British Land** lost 3 apiece to 176p and 55p respectively, while **Allnatt (London)** cheapened 2 to 146p following the half-yearly results. **Bernard Sunley**, which resumed on Monday after Eagle Star bid terms worth 630p per share, shed 5 to 590p. **Property Partnerships** fell 20 to 150p and **Warnford Investments** 15 to 370p, both in thin markets.

BP lower

Trade in **British Petroleum** remained *subdued* awaiting public response to the Government's offer for sale, which *closes today; the shares drifted* down to close 4 cheaper at 356p, or 28 points below the level attaining when details of the offer were first announced. **Shell** hovered around their overnight *level* of 326p. Elsewhere, **Oil Exploration** touched 590p before settling unchanged on balance at 584p, while prospective merger partner **Lasmo** hardened 2 to 306p. **Ultramar**, third-quarter figures due next Thursday, eased a couple of pence to 352p, while **Siebens U.K.** shed 10 to 250p on late offerings. The half-yearly results left **British Borneo** 2 cheaper at 266p, but **Viking** attracted fresh speculative support and gained 10 to 465p.

United City Merchants at 32p, recovered 2 of Wednesday's fall of 7 which stemmed from the disappointing annual results. **Gill and Duffus** on the other hand remained dull and fell 4 to 121p, while **Mitchell Cotts**, awaiting news concerning their Ugandan interests, eased a fraction to *38½p.*

Falls in Trusts stretched to 7. **General Stockholders** lost that much at 96p, while **Electra** gave up 4 to 104p despite the higher interim results. **Rothschild**, interim on Monday, shed a couple of pence to 229p. Financials were featured by a fall of 7 in **S. Pearson**, 195p, while **Scottish and Mercantile** declined 3 to 97p ahead of Wednesday's annual statement.

Textiles finished with an easier bias. **Courtaulds** shed 2 to 79p; the interim results are due Thursday week. **Tricoville** slipped a penny to 65p on the annual results, while **Montfort's** further rejection of the bid from **David Dixon** left the latter 4 off at 120p.

News of **Bats** proposal to pay almost £88m for **Imperial's** 50 per cent holding in Mardon Packaging was well anticipated by the market and Bats ended 2 better at 247p. **Imperial** were unchanged at 79p, after an earlier 78p.

Golds turn easier

South African Golds reversed the trend of the previous two *days as profit-taking followed the* downturn in the bullion price after the International Monetary *Fund gold auction. Bullion was* finally $5.50 lower at $390 an ounce.

After initially holding steady on Johannesburg buying interest share prices turned easier on *widespread,* although generally light, profit-taking. The Gold Mines index relinquished 7.0 to 212.3.

Heavyweights showed losses *of* up to £1 as in **West Driefontein**, *£27¾, while falls of ¼ were com*mon to **Randfontein**, £21¼, and **Western Deep**, £11. In the *medium and lower priced issues* **East Driefontein** dropped 54 to 781p, **Libanon** 24 to 704p and **Stilfontein** 17 to *484p.*

The weakness of Golds spilled over into South African Financials where **Anglo American Corporation** fell 12 to 418p and **Union Corporation** 4 to 450p.

In the London-registered Financials **Gold Fields** surged ahead in the late trade to close 10 higher at 316p as bid rumours revived.

Central Africans moved ahead on hopes that the Lancaster House conference on Rhodesia is moving towards a settlement. **Falcon Mines** advanced 10 to 390p, **Rhodesian Corporation** put on 2 to 35p and **Wankie** added 3 to 62p.

Australians generally gave ground on profit-taking. Falls of between 5 and 8 were common to **MIM Holdings**, 174p, **North Broken Hill** 155p and **Western Mining**, 180p.

On the other hand Coal stocks made progress following CSR's takeover bid for Thiess Holdings. **Thiess** were marked up to 363p, a rise of 12, while **Oakbridge** climbed 9 to 149p, after a 1979 high of 151p. **CSR** fell 10 to 235p. Elsewhere in energy issues *Central Pacific Minerals* added ½ more to a 1979 high of £11¼.

FINANCIAL TIMES STOCK INDICES

	Nov. 8	Nov. 7	Nov. 6	Nov. 5	Nov. 2	Nov. 1	A year ago
Government Secs.	66.10	66.60	67.44	68.17	68.61	69.31	68.06
Fixed Interest	66.78	67.48	68.74	68.92	69.91	70.31	69.60
Industrial	412.2	418.1	418.5	421.0	431.7	436.7	471.7
Gold Mines	212.3	219.3	210.1	200.1	201.3	202.2	135.7
Ord. Div. Yield	8.06	7.98	7.95	7.92	7.74	7.66	5.76
Earnings, Yld. % (full)	19.44	19.18	19.17	19.09	18.65	18.47	16.12
P/E Ratio (net) (*)	6.53	6.49	6.43	6.45	6.60	6.67	8.05
Total bargains	17,911	18,421	19,546	19,939	18,784	16,533	—
Equity turnover £m	—	112.16	103.22	99.54	116.81	88.68	57.85
Equity bargains total	—	13,267	15,046	15,400	15,974	11,759	12,940

10 am 417.6. 11 am 417.5 Noon 416.7. 1 pm 412.7.
2 pm 412.7. 3 pm 412.8.
Latest Index 01-246 8026.
* Nil=6.07.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.05 (13/2)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	558.6 (4/5)	412.2 (8/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 8	Nov. 7
—Daily		
Gilt Edged	130.9	143.6
Industrials	130.6	157.8
Speculative	42.0	40.9
Totals	89.9	103.9
5-d'y Av'r'ge		
Gilt Edged	135.3	132.3
Industrials	147.1	144.6
Speculative	43.2	43.8
Totals	97.2	95.5

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (7)

COMMONWLTH. & AFRICAN LOANS (1)
S. Rhodesia 6pc '78-81
INSURANCE (1)
Trade Indemnity
PAPER (1)
Harrison & Sons
MINES (4)
Central Pacific
Oakbridge
Olimin
Parinos

NEW LOWS (308)

BRITISH FUNDS (18)
CORPORATION LOANS (10)
LOANS (4)
AMERICANS (10)
CANADIANS (2)
BANKS (5)
BEERS (1)
BUILDINGS (17)
CHEMICALS (7)
DRAPERY & STORES (10)
ELECTRICALS (5)
ENGINEERING (33)
FOODS (4)
HOTELS (2)
INDUSTRIALS (38)
LEISURE (1)
MOTORS (4)
PAPER & PRINTING (6)
PROPERTY (7)
SHOES (1)
TEXTILES (9)
TOBACCOS (3)
TRUSTS (109)
OVERSEAS TRADERS (3)

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	58	—	60	8	—	—	355p
BP	350	26	2	42	—	—	—	"
BP	360	—	—	—	—	50	10	"
BP	375	17	5	26	—	—	—	"
BP	400	10	29	17	10	—	—	"
Cons. Gold	280	46	14	58	1	66	—	316p
Cons. Gold	300	34	5	45	—	47	11	"
Cons. Gold	330	18	22	26	—	35	—	"
Courtaulds	80	5	4	9	—	11	—	80p
Grand Met.	125	3½	10	—	—	—	—	125p
ICI	300	34	1	41	—	—	—	325p
ICI	330	15	11	21	25	34	—	"
ICI	360	5½	—	12	10	18	—	"
Land Secs.	280	5	11	14	—	18	—	256p
Land Secs.	330	1½	6	4	—	7	—	"
Shell	300	38	1	61	—	—	—	325p
Shell	330	13	6	—	—	—	—	"
Shell	375	5	14	—	—	—	—	"
Totals			188		54		21	
		November		February		May		
Boots	200	½	—	2	18	5	—	165p
EMI	90	54	—	61	2	62	2	141p
EMI	120	24	1	31	4	32	—	"
EMI	130	14	46	21	5	22	—	"
EMI	140	10	32	15	10	14	—	"
EMI	160	4	2	6	10	8	—	"
Imperial Gp.	80	1	40	5	—	5½	—	78p
Imperial Gp.	90	½	—	1½	—	2½	2	"
Totals			121		47		4	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	5	85	15
Cpn. Dom. and Foreign Bonds	1	38	27
Industrials	180	487	787
Financial and Prop.	41	222	228
Oils	8	14	18
Plantations	—	14	14
Mines	24	65	58
Others	9	97	45
Totals	298	1,002	1,182

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thurs., Nov. 8, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Nov. 7 Index No.	Tues., Nov. 6 Index No.	Mon., Nov. 5 Index No.	Fri., Nov. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (173)	206.30	−0.6	20.79	7.20	6.12	207.60	210.16	211.40	215.02	226.15
2	Building Materials (27)	197.58	−1.6	20.33	7.08	6.35	200.87	203.70	205.82	210.74	194.13
3	Contracting, Construction (29)	328.75	−0.3	28.04	7.22	4.92	329.58	336.76	341.64	344.55	359.67
4	Electricals (15)	522.10	−0.2	15.52	4.45	9.62	523.09	525.25	527.57	540.15	521.92
5	Engineering Contractors (12)	283.93	−1.1	25.23	8.62	4.94	287.03	296.13	294.63	295.62	353.24
6	Mechanical Engineering (74)	141.21	−0.6	23.26	8.89	5.38	142.09	143.55	144.40	145.49	177.02
8	Metals and Metal Forming (16)	141.05	−0.3	22.74	10.69	5.37	141.44	144.21	144.21	147.97	162.03
11	CONSUMER GOODS (DURABLE) (52)	195.31	−1.2	18.92	6.05	6.56	197.61	201.68	205.04	206.86	198.58
12	Lt. Electronics, Radio, TV (15)	272.03	−1.5	14.89	4.63	8.61	276.21	281.82	287.96	290.75	243.89
13	Household Goods (14)	120.36	−0.2	24.95	8.88	4.89	120.62	125.32	126.54	127.36	170.10
14	Motors and Distributors (23)	97.67	−0.6	26.65	8.69	4.45	98.23	99.87	100.48	101.15	118.79
21	CONSUMER GOODS (NON-DURABLE) (170)	205.04	−0.7	19.18	7.02	6.48	207.20	209.02	210.85	215.01	201.09
22	Breweries (14)	251.75	−0.2	17.89	6.14	6.66	252.14	253.13	254.06	258.20	220.95
23	Wines and Spirits (6)	299.04	−1.3	18.58	6.13	6.65	302.90	304.38	306.03	312.28	268.50
24	Entertainment, Catering (17)	280.37	−1.3	17.70	6.68	7.37	284.00	284.81	288.15	295.86	250.49
25	Food Manufacturing (18)	184.97	−0.5	21.44	7.34	5.79	185.87	188.06	190.52	195.95	196.84
26	Food Retailing (15)	266.13	—	15.00	4.94	7.99	266.17	270.24	276.19	282.04	217.52
32	Newspapers, Publishing (12)	362.82	−0.4	26.17	8.03	5.28	364.10	371.68	377.67	383.54	371.63
33	Packaging and Paper (15)	116.51	−1.2	25.34	9.98	5.08	117.86	116.74	116.70	119.15	131.48
34	Stores (41)	199.79	−1.0	14.93	5.49	8.79	201.91	204.19	205.32	208.79	189.70
35	Textiles (23)	132.68	−1.0	27.80	12.10	4.55	134.03	135.73	136.21	138.68	172.37
36	Tobaccos (3)	209.39	+0.4	27.22	10.62	4.15	208.49	210.66	213.29	215.80	220.31
37	Toys and Games (6)	54.04	+1.7	30.05	13.25	4.26	53.13	55.67	56.54	58.11	94.19
41	OTHER GROUPS (98)	178.73	−1.5	17.64	7.37	6.94	181.52	183.70	184.90	187.50	192.44
42	Chemicals (18)	257.46	−1.6	19.39	7.63	6.02	261.65	264.08	265.55	267.48	274.05
43	Pharmaceutical Products (7)	194.09	−2.3	15.46	6.28	9.01	198.67	197.88	198.64	202.31	244.94
44	Office Equipment (6)	103.20	−0.3	19.34	8.17	6.45	103.53	105.24	106.68	107.37	124.75
45	Shipping (10)	408.15	−0.6	13.00	7.74	9.82	410.65	416.31	426.93	438.01	402.26
46	Miscellaneous (57)	208.17	−1.5	18.66	7.45	6.86	211.30	215.86	216.71	220.48	205.69
49	INDUSTRIAL GROUP (493)	204.98	−0.9	19.20	7.08	6.49	206.86	209.19	210.86	214.43	211.59
51	Oils (7)	702.60	−0.6	16.08	6.85	6.72	707.05	713.63	709.87	731.37	492.25
59	500 SHARE INDEX	244.25	−0.8	18.53	7.03	6.54	246.34	249.01	250.30	255.24	234.91
61	FINANCIAL GROUP (117)	166.83	−0.1	—	6.50	—	167.03	169.34	170.43	174.61	158.63
62	Banks (6)	200.62	+0.9	40.21	6.39	3.10	198.87	198.07	195.90	202.33	186.99
63	Discount Houses (10)	214.32	−2.1	—	9.20	—	219.03	224.93	227.59	231.55	193.53
64	Hire Purchase (5)	149.70	−0.9	23.68	5.81	5.35	151.00	156.07	159.06	167.91	140.17
65	Insurance (Life) (10)	136.31	+0.5	—	7.71	—	135.61	140.57	140.42	142.44	126.68
66	Insurance (Composite) (8)	108.37	+0.1	—	8.99	—	108.26	109.76	111.12	114.45	115.10
67	Insurance Brokers (10)	237.94	−0.6	20.97	8.21	6.82	239.42	248.54	255.59	258.17	310.69
68	Merchant Banks (14)	87.54	−0.5	—	6.69	—	88.01	89.33	89.87	90.71	76.55
69	Property (44)	302.29	−1.3	4.04	3.19	36.00	306.35	311.71	316.90	323.39	245.68
70	Miscellaneous (10)	111.21	—	17.08	8.08	7.62	111.23	112.12	112.80	115.05	104.86
71	Investment Trusts (109)	180.30	−1.4	—	6.51	—	182.81	187.99	190.13	192.71	199.96
81	Mining Finance (4)	134.11	+0.1	16.59	6.37	7.32	133.94	134.04	135.55	137.56	100.47
91	Overseas Traders (20)	310.91	−0.4	16.06	8.73	7.54	312.13	314.86	316.79	320.62	307.78
99	ALL-SHARE INDEX (750)	222.79	−0.7	—	6.94	—	224.41	227.30	228.43	232.98	214.65

FIXED-INTEREST PRICE INDICES

	British Government	Thur., Nov. 8	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	100.90	−0.00	0.08	8.26
2	5-15 years	106.05	−0.78	0.21	9.35
3	Over 15 years	110.46	−0.79	—	12.28
4	Irredeemables	118.01	−1.15	—	13.32
5	All stocks	105.34	−0.51	0.08	10.82

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Thur., Nov. 8	Wed., Nov. 7	Year ago (approx.)
1	Low Coupons	5 years	12.11	11.95	9.61
2		15 years	12.30	12.19	11.46
3		25 years	13.28	12.48	12.23
4	Medium Coupons	5 years	14.13	14.08	12.66
5		15 years	13.94	13.83	12.68
6		25 years	13.77	13.61	12.68
7	High Coupons	5 years	14.59	14.49	12.85
8		15 years	14.39	14.25	13.24
9		25 years	14.04	13.92	13.28
10	Irredeemables		12.33	12.18	12.14

		Thurs., Nov. 8 Index No.	Thurs., Nov. 8 Yield %	Wed. Nov. 7	Tues. Nov. 6	Mon. Nov. 5	Friday Nov. 2	Thurs. Nov. 1	Wed. Oct. 31	Tues. Oct. 30	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	52.95	†13.99	54.69	54.88	54.89	55.07	55.56	55.34	55.40	55.26
16	Investment Trust Prefs. (15)	46.16	14.61	46.41	46.41	46.41	46.41	46.41	46.41	46.41	51.63
17	Coml. and Indl. Prefs. (20)	68.25	14.36	68.78	68.88	68.95	62.15	63.90	64.12	64.10	71.78

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BTR	25p	9	276	−12	347	219
Marks & Spencer	25p	9	86	− 1	134	83
BAT Inds.	25p	8	247	+ 2	362	243
BP	25p	8	356	− 4	408	220½
Glaxo	50p	8	390	−10	600	390
Boots	25p	7	154	− 2	236	154
GEC	25p	7	313	—	456	311
Allied Breweries	25p	6	83½	− ½	102	80
Charter Cons.	25p	6	156	− 3	178	132
Cons. Gold Fields	25p	6	316	+10	316	178
Distillers	50p	6	214	− 3	259	198
ICI	£1	6	322	− 4	415	314
Midland Bank	£1	6	320	+ 2	455	314
Rolls-Royce	25p	6	55	—	105	55
Unilever	25p	5	456	− 2	680	456

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 29	Nov. 9	Feb. 7	Feb. 18
Nov. 12	Nov. 23	Feb. 21	Mar. 3
Nov. 26	Dec. 7	Mar. 6	Mar. 17

For rate indications see end of Share Information Service

For rate indications see end of Share Information Service

Call options were arranged in Premier Oil, Burmah, Thorn, Status Discount, EMI, Town and City Properties, Johnson Firth Brown, Charterhall LOFS, Poseidon, FNFC, Godfrey Davis, Marks and Spencer, Queens Moat Houses and Rand Mines. Puts were down in Barratt Developments, Fairview Estates and Harris Queensway, while doubles were completed in MFI, Nelson David and British Land.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Oils	+41.23	Consumer Goods (Durable) Group	− 2.64
Food Retailing	+18.72	Industrial Group	− 3.26
Property	+16.56	Chemicals	− 4.06
Gold Mines FT	+15.50	Hire Purchase	− 4.62
Merchant Banks	+15.41	Other Groups	− 5.21
Breweries	+ 9.36	Food Manufacturing	− 5.81
Wines and Spirits	+ 7.76	Contracting and Construction	− 5.92
Electronics, Radio and TV	+ 7.60	Investment Trusts	− 7.30
Stores	+ 7.60	Capital Goods Group	− 8.91
Mining Finance	+ 7.58	Metal and Metal Forming	− 9.50
Overseas Traders	+ 7.56	Tobaccos	−10.40
Entertainment and Catering	+ 6.45	Insurance (Composite)	−10.41
Discount Houses	+ 5.64	Packaging and Paper	−10.70
Insurance (Life)	+ 5.59	Engineering Contractors	−15.98
500-Share Index	+ 3.67	Motors and Distributors	−16.48
All-Share Index	+ 3.12	Office Equipment	−18.23
Shipping	+ 2.49	Pharmaceutical Products	−18.47
Banks	+ 1.31	Insurance Brokers	−19.70
Consumer Goods (Non-Durable) Group	+ 1.14	Mechanical Engineering	−20.82
Newspapers and Publishing	+ 1.03	Textiles	−23.91
Financial Group	+ 0.89	Household Goods	−24.66
Building Materials	+ 0.18	Toys and Games	−39.13
Electricals	− 2.14		

† Percentage changes based on Tuesday, November 6, 1978, indices.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or —	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	105	70	Fogarty (E.) Dfd.	70	—1	—	—	—	—
125	F.P.	28/11	175	155	Link House 20p	166	+1	u7.0	1.7	6.4	13.0
—	F.P.	—	110	99	Rosebaugh 10p	110xd	+5	—	—	—	—
R2	F.P.	—	131	120	§SASOL R1	126	—5	T16c	2.2	7.8	6.2
‡53	F.P.	—	12	8½	Stewart Nairn	9	—	0.15	5.5	2.4	8.5
Fl.7.50	F.P.	—	285	232½	Vitatron N.V. Fl.0.25	273	—2	bFl.045	2.3	3.8	11.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or —
¶	£10	—	9	8½	Bristol Waterworks 8% Red. Pref. 1984	8½	—
¶	F.P.	13/12	102	102	Cambridge Water 8% Red. Pref. 1984	101½	—
¶	F.P.	29/11	102	100½	Eastbourne Waterworks 8% Red. Pref.	100½	—½
**	F.P.	23/11	105p	101p	Forminster 10¼% Cum. Pref.	101p	—1
$100	F.P.	—	$99	$96	Hill Samuel Floating Rate Notes 1988	$97½	—
98½	F.P.	16/11	99¼	94	London Trust 13¼% Deb. Stk. 2000-04	94	—¾
98½	—	5/11	99¾	94¾	Mucklow A. & J. 13½% 1st Mt. Db. 2000-05	94¾	—¼
**	F.P.	9/11	106	102½	Startrite Eng. 11% Cum. Pref.	102½	—1
**	F.P.	—	104	98	Wintrust 10½% Cum. Pref.	99	—1

"RIGHTS" OFFERS

Issue Price p	Amt. unit Paid Up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing Price p	+ or —
A$4.50	Nil	—	—	320pm	245pm	BH Proprietary	275pm	—
30	Nil	14/11	7/12	13pm	7pm	Cope Sportswear	10pm	—2
44	F.P.	7/11	30/11	50	44	Francis Inds.	44	—
93	F.P.	2/10	15/11	111½	92	Hepworth Ceramics	92	—2
65	F.P.	9/11	5/12	68	65¼	Ibstock Johnsen	63	—2¼
$M1.2	Nil	—	—	20pm	9½pm	‡‡Kulim	11pm	+½
95	Nil	16/11	4/1	5pm	1pm	Laporte Inds.	1pm	—½
40	Nil	15/11	4/1	5pm	1pm	M. Y. Dart	1½pm	—
57	Nil	—	—	6pm	2pm	Newman Tonks	2pm	—
45	F.P.	19/10	16/11	60	52	Wace Group	55pm	—
500	F.P.	—	—	600	573	Walter Duncan & Goodricke	573	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. # Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Oct 31 SF44.85 48.70 2.86
Japfest Oct. 31 HK$13.55 14.67 1.31
117 Group Sept. 19 $US12.21 13.33 2.12
117 Jersey Oct. 17 £5.28 5.75 1.82
117 Jersey O's Oct. 24 £6.51 6.86 3.58

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. US$31.47 —
*Murray Fund US$12.99 —
*NAV October 31.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 44.6 46.0xd 13.05
Equity Fund 44.2 46.0 4.35

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Nov. 2 US$12.45 —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Oct. 19 £4.36 —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV Nov. 8 US$11.46 −0.10 —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.41 2.61 −0.02 —
Far East Fund US$1.87 2.02 −0.07 —
Intl. Currency Fund US$1.44 1.56 +0.01 —
Dollar Fxd. Int. Fund US$1.71 1.84 —
Ster. Exempt Gilt Fd. £2.20 2.30 +0.02 —

Providence Capital Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 46.6 49.0 —
Sterling Equity Fd. 49.6 52.1 —
Intnl. Bond Fd. US$96.8 101.0 —
Intnl. Equity Fd. US$95.0 100.0 —
Prices at Nov. 7. Next dealing Nov. 14.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. 79.9 84.6 14.18
Quest Intl. Secs. $0.874 0.940 3.19
Quest Intl. Bd. $0.871 0.922 9.76
Prices on Nov. 7. Next dealing Nov. 14.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 292.1 299.1 −6.0 —
Do. Diamond Bd. 130.0 137.0 —
Do. Em Income Bd. 131.1 140.2 +0.3 14.15
Midway Deposit Bd. 103.33 104.38 13.70
Carillon C.G.T. Bd. 62.1 65.5 —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$1.46 1.55 +0.03 1.13
OCSm. Co.*** 82.9 87.8 3.32
O.C. Commodity* 169.4 180.2 6.30
O.C. Dir. Comdty.† US$38.46 40.90 +0.07 0.78
O.C. Sterling Fd.** £10.875 +0.004 —
*Prices on October 31. Next dealing November 14.
†Prices on Nov. 7. Next dealing Nov. 21.
**Daily dealings. ***October 31.

Rothschild Asset Mgt. (Bermuda)
[illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. $US9.32 9.92xd 2.09
R.T. Int'l. (Jsy.) Fd. 75.0 80.0 2.92
Prices Nov. 6. Next dealing Nov. 13.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Funds denominated in U.S. Dollars
Dir. Fxd. Int.**† 8.43 8.99 −0.01 8.02
Internat. Gr.*† 8.08 8.74 —
Far Eastern*† 9.79 10.59 —
North American*† 4.53 4.90 —
Sepro**† 15.25 16.66 —
Funds denominated in Sterling
Channel Capital*† 260.3 274.1 −1.3 1.70
Channel Islands*† 140.6 148.1 −0.2 6.34
Commod.*** 159.9 168.4 —
St. Deposit*** 111.5 111.6 0.22
St. Fixed*** 100.7 106.6xd −4.2 13.14
Funds denominated in other Currencies
Deutschmark Bd.**† 9.36 9.88 5.06
Yen Bd.**† 936 990 5.05
*Prices on Nov. 8. **Nov. 7. ***Nov. 2.
****Nov. 1. ‡Weekly dealings. †Daily dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588
S.A.I.L. 56.0 59.0 −1.0 12.29
S.A.O.L. $0.73 0.77xd −0.01 9.74
Gilt Fd. 20.2 20.4 −0.1 13.48
Intl. Fd. Jersey 82.0 86.0 4.70
Intnl. Fd. Lxmbrg. $11.16 11.75 −0.9 —
*Far East Fund 93.0 98.0 —
*Next sub. day Nov. 14.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 87.3 92.8 —
$Equity $US1.563 1.623 —
£Fixed Interest 153.3 163.0 —
$Fixed Interest $US1.114 1.185 —
£Managed 119.0 126.5 —
$Managed $US1.337 1.422 —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Cheap $ Nov. 5 US$13.86 — 2.31
Trafalgar Aug. 31 $US170.12 —
Asian Fd. Oct. 30 US$19.96 20.47 2.81
Darling Fd. Nov. 6 $A2.45 2.60 4.90
Japan Fd. Nov. 1 US$6.48 6.94 0.58

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$327.78 360.58 —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM23.19 24.76 6.46
Tokyo Trust Nov. 1 US$31.00 — 2.60

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV Nov. 5 US$9.78 —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 98.62 103.81 —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind. Tst. £5.03 5.14 −0.07 —
Copper Trust £15.22 15.58 +0.14 —
Jap. Index Tst. £6.73 6.87 −0.12 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man
The Coin Trust 97.0 102.0 —

TSB Unit Trust Managers (C.I.) Ltd.
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 94.0 97.0xd 12.40
TSB Gilt Fd. (Jsy.) 94.0 97.0xd 12.40
Prices on Nov. 7. Next sub. day Nov. 14.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share November 5 US$63.89

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Nov. 5 US$46.55

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda, 2-2760
Overseas Nov. 7 $US1.21 1.28 +0.03 6.00
(Accum. Units) $US2.02 2.14 +0.05 —
Man. Int. Oct. 24 $US2.975 3.130 —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL Nov. 8 £7.85 8.40 +0.15 2.50
(Accum. Shares) £12.95 13.85 +0.30 2.50
American Nov. 8 89.0 94.8 +3.2 2.50
(Accum. shares) 92.0 98.0 +3.2 —
Far East Nov. 8 93.8 100.4 +1.0 2.50
(Accum. shares) 96.0 102.6 +1.0 —
European Nov. 8 77.0 82.8 +0.2 2.50
(Accum. Shares) 78.2 84.0 +0.2 —
Jersey Fd. Nov. 7 161.0 170.8 −14.2 9.66
(Non-J. Acc. Uts.) 256.4 271.8 −10.0 —
Gilt Fund Nov. 7 98.6 100.8 −3.4 11.09
(Accum. Shares) 146.6 149.6 −5.4 —
Victory House, Douglas, Isle of Man. 0624 24111.
Managed Oct. 18 147.0 154.8 —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Interntl. Mngd. Fd. $US0.92 — —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM16.71 17.60 +0.10 —
Uniglobal DM57.77 60.70 −0.80 —
Unirak DM47.58 50.00 −0.05 —
Unirenta DM38.17 39.40 —
Unispecial I DM55.45 58.50 −0.70 —
Europafonds DM24.82 −0.12 —

Utd. Intnl. Mngmnt (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey
U.I.B. Fund $US100.33 102.70 8.03

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fund US$21.55 −0.12 —
Net asset value Nov. 8.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Conv. Bd. Nov. 7 US$8.81 −0.11 —
Eng. Int. Nov. 7 US$27.70 −0.22 —
Gr. St. $Fd. Oct. 31 US$7.78 —
Merc. Euro Bd. Nov. 7 US$10.47 10.58 —
Merc. My. Mkt. Nov. 5 £11.25 11.26 0.1354

Warburg Invest. Mngt. Jsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C.I. 0534 73741
CMF Ltd. Oct. 26 $US14.30 14.67 2.16
CMT Ltd. Oct. 26 £14.09 14.45 2.09
Metals Tst. Nov. 1 £18.08 18.53 4.60
TMT Oct. 11 $US11.81 12.11 2.64
TMT Ltd. Oct. 11 £11.35 11.64 1.03

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$18.20 18.60 —
Wardley Nikko As. Fd. US$25.83 26.43 —
Wardley Bond Trust US$9.60 9.80 —
Wardley Japan Trust US$10.12 10.42 —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth. Fd. [illegible]

Wren Commodity Trust
10, St. George's St., Douglas, IoM 0624 25015
Wren Comod. Tst. 57.4 [illegible] 37.9

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Baring Brothers & Co. Ltd.♥ (a)(c)
88, Leadenhall St., EC3. 01-588 2830

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, EC2. 01-588 6280

Bridge Fund Managers (a)(c)
King William St., EC4. 01-623 4951

Britannia Trust Management (a)(g)
3, London Wall Buildings, London Wall, London EC2M 5QL.

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Brown Shipley & Co. Ltd.♥
Harlands Hse., Haywards H'th, Sx. 0444-58144

Canada Life Unit Trst. Mngrs. Ltd.♥ (a)
2-6 High St., Potters Bar, Herts. P. Bar 51122

Capel (James) Mngt. Ltd.♥
100, Old Broad St., EC2N 1BQ. 01-588 6010

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn House, Newcastle-upon-Tyne. 21165

Charities Official Invest. Fund
77 London Wall, EC2N 1DB. 01-588 1815

Charinco Charities N/R Fund
15, Moorgate, London, EC2. 01-638 4121

Chieftain Trust Managers Ltd.♥ (a)(g)
11, New St., EC2M 4TP. 01-283 2632

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Cosmopolitan Fund Managers (a)
3a Pont Street, London SW1X 9EJ. 01-235 8525

Craigmount Unit Fd. Mgrs. Ltd.
9/10 Foster Lane, EC2V 6HH. 01-606 9262

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. e Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ⊕ Guernsey gross. ⊕ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

E. F. Winchester Fund Mngt. Ltd.
Old Jewry, EC2. 01-606 2167

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DJ. 01-628 8131

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2. 01-588 4111

Govett (John)♥
77 London Wall, EC2. 01-588 5620

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS. 01-606 4433

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

Henderson Administration♥ (a)(c)(g)
Premier UT Admin., 5, Rayleigh Road, Hutton, Brentwood, Essex.

Hill Samuel Unit Tst. Mgrs.† (a)
45 Beech St., EC2P 2LX. 01-628 8011

Investment Intelligence Ltd.♥ (a)(g)
15, Christopher Street, EC2. 01-247 7243

Key Fund Managers Ltd. (a)(g)
25, Milk St., EC2V 8JE. 01-606 7070

Kleinwort Benson Unit Managers♥
20, Fenchurch St., EC3. 01-623 8000

L & C Unit Trust Management Ltd.♥
The Stock Exchange, EC2N 1HP. 01-588 2800

Legal & General Tyndall Fund♥
18, Canynge Road, Bristol. 0272 32241

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex.

Lloyd's Life Unit Tst. Mngrs. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

M & G Group♥ (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH. 01-623 1050

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1H 9JG. 01-222 8177

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Northgate Unit Trust Managers Ltd.♥(c)(y)
20, Moorgate, EC2R 6AQ. 01-606 4477

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pelican Units Admin. Ltd. (g)(x)
57-63 Princess St., Manchester. 061-236 5685

Perpetual Unit Trust Mngmt.♥ (a)
48, Hart St., Henley on Thames. 0491 2 6868

Practical Invest. Co. Ltd.♥ (y)(c)
44, Bloomsbury Sq., WC1A 2RA. 01-623 8893

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, EC2. 01-247 6533

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD. 01-588 6906

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4N 6LD. 01-236 6044

Save & Prosper Group♥
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX

Schlesinger Trust Mngrs. Ltd. (a)(z)
140, South Street, Dorking. (0306) 86441

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq., Edinburgh. 031-556 9101

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4. 01-236 5000

Security Selection Ltd.
15-19, Lincoln's Inn Fields, WC2. 01-831 6936

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Target Tst. Mngrs. Ltd.♥ (a)(g)
31, Gresham St., EC2. Dealings: 0296 5941

Target Tst. Mgrs. (Scotland) (a)(b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

Tower Unit Trust Mngt. Ltd.
39-45 Finsbury Square EC2A 1PX. 01-628 2294

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

Transatlantic and Gen. Secs. Co.♥
91-99, New London Rd., Chelmsford. 0245-51651

TSB Unit Trusts (y)
21, Chantry Way, Andover, Hants. 0264 62188

Tyndall Managers Ltd.♥ (a)
18, Canynge Road, Bristol. 0272 32241

Ulster Bank♥ (a)
Waring Street, Belfast. 0232 35231

Unit Trust Account & Mgmt. Ltd.
King William St., EC4R 9AR. 01-623 4951

Wieler Growth Fund
King William St., EC4R 9AR. 01-623 4951

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

AMEV Life Assurance Ltd.♥
Alma Hse., Alma Rd., Reigate. Reigate 40101

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Beehive Life Assur. Co. Ltd.♥
71, Lombard St., EC3. 01-623 1288

Canada Life Assurance Co.
2-6 High St., Potters Bar, Herts. P. Bar 51122

Cannon Assurance Ltd.♥
1, Olympic Way, Wembley HA9 0NB. 01-902 8876

Capital Life Assurance♥
Conniston House, Chapel Ash Wton. 0902 28511

Charterhouse Magna Gp.♥
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 642272

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

City of Westminster Assur. Co. Ltd.
Ringstead House, 6, Whitehorse Road, Croydon CR0 2JA. 01-684 9664

City of Westminster Assur. Soc. Ltd.
Telephone 01-684 9664

Commercial Union Group
St. Helen's, 1, Undershaft, EC3. 01-283 7500

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

Credit & Commerce Insurance
120, Regent St., London W1R 5FE. 01-439 7081

Crown Life Assurance Co. Ltd.♥
Crown Life Hse., Woking GU21 1XW. 04862 5033

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe. 0494 33377

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Gartmore Bonds
For underlying unit prices of Gartmore Lloyd's Life Bonds see Gartmore Fund Managers under Authorised Unit Trusts

General Portfolio Life Ins. C. Ltd.♥
60 Bartholomew Cl., Waltham Cross. WX31971

Gresham Life Ass. Soc. Ltd.
2 Prince of Wales Rd., B'mouth. 0202 767655

Growth & Sec. Life Ass. Soc. Ltd.♥
Weir Bank, Bray-on-Thames, Berks. 0628-34284

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7107

Hambro Life Assurance Limited♥
7 Old Park Lane, London, W1. 01-499 0031

Hearts of Oak Benefit Society
15-17, Tavistock Place, WC1H 9SM. 01-387 5020

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

Imperial Life Ass. Co. of Canada
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Legal & General (Unit Assur.) Ltd.
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Legal & General Prop. Fd. Mgrs. Ltd.
11, Queen Victoria St., EC4N 4TP. 01-248 9678

Life Assur. Co. of Pennsylvania
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Lloyds Life Assurance
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129 Kingsway, London, WC2B 6NF. 01-404 0393

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London Life Linked Assur. Ltd.
81 King William St., EC4N 7BD. 01-626 0511

The London & Manchester Ass. Gp.♥
Winslade Park, Exeter. 0392 52155

M & G Group♥
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1 Charing Cross, St. Helier, Jersey. 0534 73741

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20, Fenchurch St., EC3. 01-623 8000

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PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY

Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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CENTRAL AFRICAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
420	132	Falcon Rh.50c	390	+10	Q100c	ϕ	17.7
36	11	Rhod'n Corp. 16½p	35	+2	0.56	6.5	2.3
165	70	Roan Cons. K4	115	+8	Q0.125	ϕ	6.6
67	26	Wankie Col. Rh.1	62	+3	Q9c	ϕ	10.6
19	9	Zam.Cpr.SBD0.24	12½	−½	—	—	—

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	11	......	—	—	—
16	4	ACM 20c	11	......	—	—	—
82	50	Bond Corp.	65	......	Q3.75	ϕ	3.0
171	100	Bougainville 50 Toea	118	−1	†Q15c	1.0	6.7
212	84	BH South 50c	200	......	ϕ	—	—
£11⅛	340	Central Pacific	£11⅛	+⅓	—	—	—
318	170	Conzinc Riotinto 50c	198	−4	NQ10c	2.0	2.6
36	15	Cultus Pacific N.L.	18	−2	—	—	—
32	5	Eagle Corp. 10c	24	+2	—	—	—
21½	11	Endeavour 20c	17½	......	—	—	—
165	62	G. M. Kalgoorlie 25c	143	+6	Q3c	ϕ	1.1
305	148	Hampton Areas 5p	245	......	3.5	2.8	2.0
75	25	Haoma Gold N.L.	30	......	—	—	—
71½	25	Metals Ex. 50c	46	−1	—	—	—
220	134	M.I.M. Hldgs. 50c	174	−6	bQ13.6c	ϕ	4.1
25	15	Minefields Expl.	25	......	—	—	—
78	30	Mount Lyell 25c	52	−2	—	—	—
44	14	Newmetal 20c	17	+1	—	—	—
167	91	North B. Hill 50c	155	−8	Q12c	ϕ	4.0
41	11	Nth. Kalgurli	31	......	—	—	—
83	45	Nth. Mining Corp.	72	−3	—	—	—
71	21	N. West Mining N.L.	24	−2	—	—	—
151	76	Oakbridge $A1	149	+9	Q12c	4.7	4.2
102	22	Otter N. L.	102	+4	—	—	—
120	58	Pacific Copper	90	−3	—	—	—
£10⅝	625	Pancont'l 25c	750	−25	—	—	—
46	15½	Paringa M&Ex 5p	45	+½	—	—	—
450	248½	Peko-Wallsend 50c	364	+4	Q17.5c	ϕ	2.5
202	145	Seltrust A	155	......	—	—	—
450	145	Southern Pacific	437	+5	—	—	—
36	11	Swan Resources 20c	36	+4	—	—	—
16	12	West Coast 25c	13	......	—	—	—
205	121	Westn. Mining 50c	180	−5	Q7c	ϕ	2.2
11	8	Westmex	9	......	—	—	—
70	45	Whim Creek 20c	55	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	26	......	2.81	1.3	15.4
435	265	Ayer Hitam SM1	295	−5	Q290c	0.9	22.1
72	49	Beralt Tin	50	......	14.5	3.3	12.9
270	165	Berjuntai SM1	165	......	Q95c	1.0	13.4
190	125	Geevor	140	......	8.71	3.1	8.9
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	305xd	......	Z17.0	ϕ	8.0
370	295	Hongkong	300	......	†12.5	2.8	6.0
98	64	Idris 10p	88	......	†8.0	1.6	13.0
14	9½	Jantar 12½p	14	......	ϕ	—	—
95	58	Kamunting SM0.50	68	......	Q47½c	1.1	15.7
620	210	Killinghall SM1	300	......	Z060c	—	—
530	365	Malay Dredging SM1	455	−5	†175c	0.7	8.6
57	28	Pahang	28	......	—	—	—
123	60	Pengkalen 10p	108xd	......	Z4.0	ϕ	5.3
275	195	Petaling SM1	230	......	†Q120c	1.3	11.2
87	62	Saint Piran	69#	......	†2.03	6.5	4.2
58	34	South Crofty 10p	39	−2	3.0	2.0	11.0
230	170	South Kinta SM0.50	180	......	Q150c	1.0	18.7
430	285	Sthn Malayan SM1	365	......	†Q190c	1.0	11.2
310	210	Sungei Besi SM1	220	......	Q520c	1.0	53.4
75	40	Supreme Corp. SM1	40	......	Z010c	—	5.4
105	93	Tanjong 15p	98	+3	7.5	0.7	10.9
115	90	Tongkah H. Tin	95	......	†Q24c	0.7	5.7
280	190	Tronoh SM1	205	......	†Q25c	5.2	2.7

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	56	Messina R0.50	97	......	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	67	−1	—	—	—
14½	10	Burma Mines 17½p	13	......	—	—	—
365	170	Cons. Murch. 10c	322	+7	Z030c	—	5.3
440	280	Northgate C$1	320	+20	—	—	—
362	226	R.T.Z.	272xd	−4	†11.5	3.4	6.0
31	12	Robert Mines	15	......	—	—	—
65	28	Sabina Inds. C$1	32	+2	—	—	—
880	490	Tara Expln. $1	495	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- ＊ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

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Bertam	16	......	Conv. 9% '80/82	£85⅞	......
Bdg'wtr. Est. 50p	395	−20	Nat. 9¾% 84/89	£72⅞	+1⅛
Clover Croft	30	......	Fin. 13% 97/02	£81⅝	+2
Craig & Rose £1	£10½	......	Alliance Gas	63	−2
Dyson (R. A.) A	23	−2	Arnott	370	......
Fife Forge	48	......	Carroll (P.J.)	55	......
Finlay Pkg. 5p	19	......	Clondalkin	82	......
Graig Ship. £1	650xd	......	Concrete Prods.	82	......
Higsons Brew.	67	+2	Heiton (Hldgs.)	35	......
Holt (Jos) 25p	255	......	Ins. Corp.	190	−20
I.O.M. Stm. £1	155	......	Irish Ropes	70	−3
Pearce (C. H.)	410	......	Jacob	32	+1
Peel Mills	30	......	T.M.G.	150	......
Sheff. Refrshmt.	100	−5	Unidare	85	......
Sindall (Wm.)	170	......			

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Beecham	13	Legal & Gen.	14		
Blue Circle	25	Lex Service	11	**Property**	
Boots	17	Lloyds Bank	24	Brit. Land	7
Bowaters	16	"Lots"	3½	Cap. Counties	9
B.A.T.	25	London Brick	6	Land Secs.	25
Brown (J.)	7½	Lonrho	6	MEPC	17
Burton 'A'	25	Lucas Inds.	20	Peachey	13
Cadburys	5½	"Mams"	15	Samuel Props.	14
Courtaulds	8	Mks. & Spncr.	10	Town & City	2
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	5	**Oils**	
Dunlop	6	Nat. West. Bank	28	Brit. Petroleum	35
Eagle Star	14	P & O Dfd.	10	Burmah Oil	15
E.M.I.	12	Plessey	10	Charterhall	5
Gen. Accident	21	Racal Elect.	22	Premier	4
Gen. Electric	35	R.H.M.	4½	Shell	30
Glaxo	40	Rank Org.	18	Ultramar	22
Grand Met.	13	Reed Intnl.	17		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	23	Spillers	4½		
G.K.N.	22	Tesco	7	Charter Cons.	16
Hawker Sidd.	16	Thorn	35	Cons. Gold	18
House of Fraser	14	Trust Houses	16	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday November 9 1979

Plan to hive off Rolls-Royce threatens future of NEB

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FUTURE of the National Enterprise Board hung in the balance last night as the Government considered whether to go ahead with a plan to hive off Rolls-Royce from the NEB, returning the aero engine manufacturer to direct control from the Department of Industry.

On Wednesday night, members of the NEB met Sir Keith Joseph, Industry Secretary, after they had been told of the plan. They warned him that they would resign if he went ahead because the loss of Rolls-Royce would undermine the future of the NEB and would reflect badly on its board members, which include some senior industrialists.

Sir Kenneth Keith, the Rolls-Royce chairman, is behind the plan and is believed to have persuaded the Government, including Mrs. Margaret Thatcher, that the company needs freedom from the NEB if it too is to develop effectively as an international aero engine manufacturer.

However, the future of Sir Kenneth is far from clear. Although he issued a statement yesterday that he had not been sacked and was not resigning from the Rolls-Royce chairmanship, there were strong indications last night that plans are at an advanced stage to replace him with Sir Frank McFadzean.

Sir Frank, a confidante of Mrs. Margaret Thatcher, joined the Rolls-Royce board in a non-executive capacity a few weeks ago, and suggestions that he might become chairman have met with approval from the NEB. He is a former chairman of Shell Transport and Trading, and, subsequently, British Airways.

The present row has developed when the NEB is querying whether Rolls-Royce's top management and financial control systems are good enough. Rolls-Royce wants £500m or more of public money over the next five years to develop new engines.

While there seems to be no serious opposition to this in the Government, Sir Leslie Murphy, the NEB's chairman, has made it clear that he believes the company needs "more stringent application of financial disciplines."

Sir Kenneth has opposed interference by the NEB from Sir Leslie and his predecessor, Lord Ryder, and has been trying for some months to have responsibility for Rolls-Royce returned to the Industry Department.

His battles with the NEB have been personal as well as commercial conflicts, and to have Rolls-Royce hived off would therefore be a personal victory as well as freeing the company from the NEB's financial disciplines.

Sir Keith Joseph's decision to go ahead with the hiving off — which he was reconsidering last night — is contrary to the Conservative Party's general election manifesto which envisaged the NEB's continuing to look after the state owned "lame duck" companies such as Rolls-Royce and BL.

The other roles Sir Keith has given to the NEB of investing in high technology enterprises and small companies developed out of the primary "lame duck" role.

It is for this reason that Sir Keith was presented with serious threats of resignation from members of the NEB who include senior industrialists such as Sir Leslie Smith of BOC and Mr. Alastair Frame of Rio Tinto Zinc, as well as union leaders such as Mr. David Basnett and Lord Scanlon.

Editorial comment Page 20

Cuba bank drops bid to float £8m bond

By Our Foreign Staff

AN ATTEMPT by the National Bank of Cuba to float a public bond issue in Switzerland was yesterday abandoned. The development could have major implications for Cuba's continued access to Western financial markets.

The SwFr 30m (£8.8m) bond which represented Cuba's first public approach to Western markets for funds, was cancelled following wide criticism in Switzerland, both from the Swiss financial community and the press.

Under the U.S. embargo provisions, Cuba is prevented from borrowing in dollars or from U.S. banks. Havana has consequently relied heavily on Swiss Francs, Deutsche-marks and yen financing to meet its hard currency requirements.

The withdrawal of the bond was announced in Zurich by Singer and Friedlander AG, a subsidiary of the British merchant bank.

It had taken over as the leader of a managing consortium for the issue last week after the Geneva-based Banque Gutzwiller, Kurz, Bungener pulled out as lead manager, following an apparent veto on political grounds by its major shareholder, Bank Leu.

Opposition in the Swiss financial community came particularly from the Swiss stock market authorities.

However, no pressure appears to have been brought to bear by the Swiss Government, which had approved the transaction.

There have been reservations over the bond from the major Swiss banks, which have in the past tended to avoid public financing of Communist countries.

But they have extensively engaged in the private financing of Communist countries, and it is being stressed that the present development does not mean that Cuba will be unable to borrow through such means in the future.

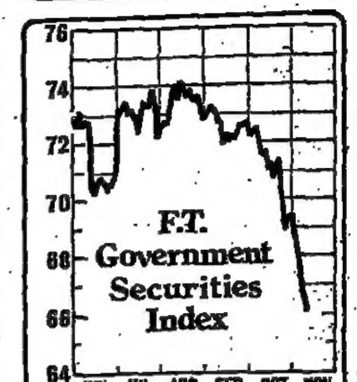
Singer and Friedlander meanwhile claimed that the success of the issue would have been ensured because of existing subscriptions for the full SwFr 30m. Other banks disputed this, asserting that there were qualms over both the quality of the issue and the borrowers' politics.

Eurobonds Page 27

THE LEX COLUMN

Coming to the City for home loans

It has been a nail-biting final few days for the BP underwriters but it would still be surprising if the issue does not go.



Building Societies

The Anglia Hastings and Thanet is certainly not the biggest building society but it is one of the bravest. While its larger rivals are still locked in industry-wide discussions of ways to raise new funds, the Anglia has broken ranks and become the first building society to tap the wholesale money markets. Yesterday, it announced that it had raised £20m for five years from a consortium of mainly foreign banks, led by S. G. Warburg.

The deal is significant on a number of counts. First it proves decisively that building societies are acceptable names in the money markets — Anglia is less than a quarter of the size of the two industry leaders, the Halifax and the Abbey National. The second, rather intriguing, point is that on the basis of this deal — the Anglia is understood to be paying a margin of ⅝ of one per cent over Libor — the credit rating of building societies is as good as, if not better than, that of the local authorities.

If a bank had the same sort of balance sheet structure as the Anglia it would have big problems persuading the money markets to provide it with funds since it matches the bulk of its short term deposits with long term assets. But the Anglia does not seem to have had any difficulty (leaving aside the standoffishness of the clearing banks) in raising medium term unsecured funds and its example seems bound to be copied. Building societies are not regarded in the same lights as banks—yet.

Some of the bigger building societies feel rather upset that the Anglia has jumped the gun before the finding of the industry's "working party on sources of investment funds," have been published. This is expected to occur before the end of the year but the working party is already beginning to look rather obsolete.

Yesterday, the Secretary of State for the Environment announced the establishment of the House Purchase Finance Review Group with a brief which sounds remarkably similar to that of the building societies own working party. It starts work today and instead of stuffing the committee full of building society people the minister has put in representatives of the pension funds, clearing banks, merchant banks and insurance companies. There is only one building society member.

It is clear from the composition of the new group that the Government is not prepared to let the building societies decide for themselves how best they should go about raising the extra funds. Its appearance is welcome and if it was allowed to extend its brief to consider the whole role of the building societies in the financial system it would be no bad thing.

Rhone-Poulenc

Rhone-Poulenc's FFr 475m rights issue—a one-for-five at FFr 125 a share—is being launched at a time when the Paris Bourse, in common with other major stock markets, is looking decidedly groggy. The Bourse has fallen, more than 15 per cent below the high point reached in early October before the Volcker measures hit Wall Street.

But the discount to the market price of the shares, which fell five francs yesterday to FFr 139.50, should be comfortable enough, especially as the shares are supported by expectations of a substantial increase in dividend. With long-bond yields pushing 12 per cent, low-yielding French equities are looking vulnerable, but the ex-rights yield for Rhone-Poulenc should be 10 per cent plus on a net dividend rising from seven francs to nine or more.

In terms of the international chemical cycle, the timing of the rights issue—brought forward by a year from the group's original plan—is perfectly understandable. The higher dividend will be announced on the back of a leap in net earnings from FFr 238m to over FFr 600m for 1979, whereas 1980 prospects for the industry are not encouraging.

The size of the issue has to be set against the group's net debt of nearly FFr 12bn—roughly stable over the last 18 months—and its rising investment spending, now running at an annual FFr 2bn. This sum may be just about self-financed this year, given the strong profits trend, but next year Rhone-Poulenc will need some loss elimination in the textile business if it is to avoid higher borrowings.

The issue should throw some light on the future of the major shareholding in Rhone-Poulenc that of Saint-Gobain-Pont-a-Mousson, which has 10 per cent. Unlike Pechiney Ugine Kuhlmann, which sold its 8 per cent holding in the summer, Saint-Gobain seems still to regard its stake as a strategic foothold in the chemical sector—an attitude it is likely to confirm by taking up its rights.

BAT/Mardon

BAT is paying £87.8m for Imperial Group's half share in Mardon Packaging. That looks a full price for outright ownership of a business with pre-tax profits of £23.3m in the year to September and shareholders' funds of £95m. The justification lies in Mardon's solid financial record, and its strong position in various sectors—it has over a fifth of the UK market for flexible-packaging, and is big in folding cartons too. There should be scope for increasing its overseas business, which currently accounts for about a third of sales. And the goodwill element in the deal will look a lot lower after an asset revaluation, while on Mardon's low tax charge the exit p/e comes down to about 10.

Imps already has the funds to cover its £300m bid for Howard Johnson, and so is taking its payment in the form of a floating rate loan stock, redeemable at its option. This defers capital gains tax, and Imps' cash flow should be measurably higher after the sale.

Meanwhile it is hoping to get shareholders' approval for the Johnson bid by Christmas, which means that the documents could be coming out in the next few weeks. Wall Street is still registering serious doubts about whether the deal will go through. But Imps reports "encouraging" progress on the legal front in the U.S. and there are no signs of any serious shareholder unrest in the UK.

CSR makes £247m bid for Thiess

By James Forth in Sydney

CSR, the Australian industrial and mining group, has made an A$465m (£247m) bid for Thiess Holdings. It could become Australia's leading energy resources group.

The bid follows the recent purchase by CSR of 19 per cent of Thiess on the market for A$84m (£44.6m). Thiess has substantial coal and civil engineering and motor distribution interests.

The offer for the remaining shares, which puts an overall value on Thiess of A$465m, more than doubles the previous highest offer for an Australian listed company—the present A$210m bid by Western Mining Corporation for BH South, the investment and mining house.

A successful bid at this level would raise CSR's market capitalisation from just over A$700m to A$1.2bn (£637m). It would lift CSR from being Australia's seventh biggest company to third, behind Conzinc Riotinto of Australia, the offshoot of Rio Tinto-Zinc Corporation of the UK.

Report findings

The offer for the remainder of Thiess came hours after the company's directors released the findings of an independent report valuing Thiess at between A$602m and A$859m, or A$9.19 to A$13.12 a share. They urged shareholders not to sell.

AMP Society, the life office, boosted CSR's chances of success in the bid by indicating that it would accept, which would give CSR almost 30 per cent.

This leaves Shell, with 15.8 per cent of Thiess, and Japanese interests, which recently bought about 9 per cent, in key positions.

The Queensland Government, which threatened to block CSR when it made its market raid, has said it will not intervene.

The board of Thiess—which was meeting last night to consider the offer—is expected to reject it as being too low.

CSR is offering five of its shares plus A$5.40 cash for every four Thiess shares, or A$6.74 a share—the price paid in the market raid.

CSR shares closed yesterday at A$4.56 in Sydney, putting a value of A$7.05 on Thiess shares on the basis of the share-cash offer. On the same basis, CSR is bidding about A$375m for the remainder of Thiess.

Boost for energy resources, Page 29

BP allocation terms likely on Monday

By Christine Moir

THE BANK OF ENGLAND expects to announce the allocation terms of the Government's sale of 5 per cent of British Petroleum on Monday.

Application forms will be processed over the weekend and the Bank hopes to be able to announce allocations by 9 am on Monday, half an hour before the market opens. If that deadline proves impossible the announcement will be made some time during the day.

On the basis of the last BP issue in 1977, the shares will then be suspended for half an hour for the market to assess the implications of the level of demand.

BP's share price continued to fall in the market yesterday, closing another 4p down at 356p. This compares with the stated offer price of 363p.

Steel strike plan fails

BY PHILIP BASSETT, LABOUR STAFF

A THREAT of industrial action against British Steel's plans to end iron and steel making at Corby, Northants, receded yesterday when the industry's largest union failed to win the support of other steel unions for the action.

The Iron and Steel Trades Confederation had pressed the other six unions on the TUC steel committee to ban overtime in the industry and call a one-day strike and a series of selective stoppages.

While still opposing the corporation's proposals for Corby, the unions decided to refer the confederation's proposal to individual executives rather than pledge immediate support.

Mr. Bill Sirs, general secretary of the confederation and chairman of the committee, said he was disappointed with the response of the other unions.

If the other unions were not prepared to take the sort of action proposed by the confederation they would become "the architects of their own undoing," he said.

Opposition to the proposed action centred on worries that the corporation might not reopen some plants if they were closed by the strikes or overtime ban. Some unions opposed a complete overtime ban, and others the plan for selective strikes.

But Mr. Sirs said he believed that the confederation executive would authorise action by its own members, who make up more than half of the industry's 150,000 workers, if the other unions left it "high and dry."

Replies from the other unions are expected within two weeks, though in the meantime the steel committee will seek talks with Sir Keith Joseph, the Industry Secretary, about the closure plan.

The unions will meet the corporation again this morning for what it has said is its "final" meeting over its proposals to end iron and steel making at Shotton in North Wales.

Mr. Sirs said the unions would not listen to the corporation's case if it remained inflexible about the closure.

British Steel may lift Ravenscraig threat, Page 10

Fiat faces clash with unions

BY PAUL BETTS IN ROME

FIAT, ITALY'S biggest private enterprise, last night faced a head-on clash with the trades unions and the Turin Labour Tribunal which could have significant repercussions on Italian labour relations.

The tribunal ordered Fiat to reinstate temporarily 50 of the 61 workers the company dismissed last month because, Fiat claimed, they were instigating labour unrest and violence in its plants.

The company immediately responded to the tribunal's ruling last night by announcing its intention of sending new letters of notice today to the 61 workers confirming their dismissal and justifying each case separately.

Fiat's move brought an instant condemnation from the unions, which see it as a further attempt by the company and Sig. Giovanni Agnelli, its chairman, to undermine union influence and establish a precedent to reinforce the authority of the Patronat, the Italian employers organisation.

The labour tribunal decision was that the 50 workers should be reinstated—temporarily at least—until the case comes up in court next Friday. The tribunal claimed Fiat had not given adequate explanation to [illegible] dismissals.

In turn, Fiat said the tribunal had acted unilaterally, without consulting the parties concerned.

The affair is turning into a major test case in Italian labour relations. The 50 workers are all being assisted legally by the unions. Another 10 of those sacked have chosen to defend themselves independently, and one has decided not to fight his case.

Until now, Fiat has refused to give evidence to justify the lay-offs, saying that details would be supplied at the full hearing next Friday. In spite of repeated union calls for the evidence to be disclosed. Fiat has said it was holding it back to avoid possible intimidation of its witnesses.

But Fiat is expected to give some details of its reasons for the dismissals today when the new notices are sent out.

Iran cuts oil

Continued from Page 1

enough crude for its own needs, and was a substantial seller of excess oil.

Its supplies from its five leading OPEC sources have dropped to 1.12m b/d in the second half of this year, from 2m last year and 4.3m in 1974.

The Royal Dutch-Shell Group has seen its Iranian contracts whittled down from about 500,000 a day immediately after the revolution to 230,000, and more recently 205,000. Now it will lose a further 10,250.

This latest Iranian move—made for "operational reasons," oil companies were told—will undoubtedly put even greater emphasis on worldwide spot market trading in view of the restricted output already enforced or planned by other major exporters, and the general air of unease in the industry.

Oil traders speculated yesterday that the rise in spot market prices might soon come to a temporary halt in view of the limited amount of storage capacity available. The crude oil market was described as relatively calm.

In the past week or so spot prices of crude oil have risen by about $3 a barrel to record levels. According to Platt's Oilgram Price Report, high-grade African crudes are selling for about $43 a barrel, the amount reportedly paid for a consignment of North Sea Ekofisk this week.

Heavy oil, produced in Gulf States, has been selling at $38 a barrel, with lighter Gulf crudes commanding prices of between $39 and $41 a barrel.

The spot market for oil products has been hit by "panic psychology," according to one international trader.

This is indicated by the rise in the price of high-sulphur heavy fuel oil, normally a stable commodity. In the last few days the price of this product has risen by about $20 a tonne to around $190.

Petrol has been selling on the Rotterdam market for about $400 a tonne, a significant rise on last week's level.

Naphtha, the petrochemical industry's main raw material, costs about $363 a tonne, jump of over $20 on last week's level.

Gas oil prices have risen by a similar amount, to about $370-$375 a tonne.

It was confirmed yesterday that reports of a temporary halt to crude oil loadings from Kharg Island, Iran's export terminal, on Tuesday were correct.

Gray Mackenzie, the shipping agents, said they and other agencies based on the terminal were affected by a strike of clerical workers. Other companies thought to be hit are American Eastern and Gulf.

Gray Mackenzie said the situation was resolved after an interruption of about 24 hours. A BP tanker is known to have loaded at Kharg on Wednesday and sailed yesterday.

David Lascelles writes from New York: The U.S. has 92m barrels of oil stored in underground salt caverns in Louisiana and Texas in its strategic petroleum reserves. Pumps installed six weeks ago are ready to extract 1m barrels a day, if and when President Carter authorises it.

A U.S. Department of Energy spokesman confirmed that the strategic petroleum reserve might be used in the present crisis. But he said: "We don't see any need to use it yet."

Continued from Page 1

Money supply

is not yet sufficient reason to tighten policy.

A decision is also being delayed for political reasons because Mrs. Margaret Thatcher will have to be persuaded of the need for any rise in MLR.

The timing will also be affected by the cat-and-mouse game now being played between the authorities and the banks.

But some kind of lead may soon need to be given in the gilt-edged market because the two current tap stocks are now well below the prices at which they were last sold.

Prices of some long-dated stocks yesterday fell by up to £1. The FT Government Securities index fell by 0.5 to 66.10, 4¾ per cent below its level at the start of the month.

The money markets also continued to be unsettled, with large nominal spreads ahead of the Treasury bill tender this afternoon. Three-month interbank rates jumped from 15 1/16 per cent to 15¼ per cent.

Sterling was strong for most of the day except against a slightly stronger dollar. The pound gained compared with most of the Continental currencies and the trade-weighted index of its value against a basket of other currencies rose 0.1 points to 67.3.

Until after the close of London trading and calculation of the index, sterling was about a cent down against the dollar. Late selling from New York pushed the rate down to a close of 2.1 cents lower, at $2.0850.

Weather

SHOWERS, sunny intervals; rather cold.

London, S.E. and Cent. S. England, Midlands, Channel Isles
Sunny intervals, showers. Max. 8 or 9C (46 or 48F).

E. Anglia, E., Cent. N. and N.E. England
Showers, sunny intervals. Max. 7 to 9C (45 to 48F).

S.W. England, Wales, N.W. England, Lakes, I. of Man
Showers, heavy in places, sunny intervals. Max. 9C (48F).

Borders, Edinburgh, Dundee, Aberdeen
Showers, sunny intervals. Max. 7C (45F).

Rest of Scotland, N. Ireland
Showers, heavy at times. Sunny intervals. Max. 6 or 7C (43 or 45F).

Orkney, Shetland
Showers, heavy and wintry at times. Sunny intervals. Max. 4C (39F).

Outlook: Sunny intervals, rain later in W. Cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	L. Plms.	F	23	73
Algiers	S	24	75	Lisbon	C	11	52
Amsdm.	C	9	48	Locarno	S	13	55
Athens	S	20	68	London	C	9	48
Bahrain	S	30	86	Luxmbg.	C	10	50
Barclna.	S	20	68	Madrid	S	16	61
Beirut	F	23	73	Majorca	S	21	70
Belfast	C	6	43	Malaga	S	16	61
Belgrd.	C	11	52	Malta	F	21	70
Berlin	C	5	41	Mchstr.	C	8	46
Biarritz	S	18	64	Melbne.	S	15	59
Bmghm.	C	8	46	Milan	S	14	57
Blackp'l	F	9	48	M'ntreal	C	5	41
Bordx.	C	16	61	Moscow	C	1	34
Boulgn.	C	11	52	Munich	C	8	46
Bristol	R	8	46	Nairobi	C	20	68
Brussels	C	9	48	Naples	C	16	61
Budpst.	F	8	46	Nwcstl.	S	8	46
B. Aires	S	16	61	N. York	C	9	48
Cairo	S	25	77	Nice	S	19	66
Cardiff	R	8	46	Oporto	C	13	55
Cas'b'ca	F	17	63	Oslo	S	0	32
Cape T.	S	22	72	Paris	C	11	52
Chicago	S	6	43	Perth	C	22	72
Cologne	C	10	50	Prague	F	8	46
Cophgn.	C	7	45	Reykjvk.	C	—2	28
Corfu	S	19	66	Rhodes	S	20	68
Dublin	C	8	46	Rio J'o	C	25	77
Dbrvnk.	C	17	63	Rome	F	21	70
Edinbgh.	F	6	43	Salzb'rg	R	10	50
Faro	S	20	68	Singapr.	S	30	86
Florence	C	18	64	Stckhm	C	3	37
Frankf't	C	12	54	Strasb'g	F	14	57
Funchal	F	20	68	Sydney	C	19	66
Geneva	C	13	55	Tangier	F	17	63
Gibrltr.	S	22	72	Tehran	S	15	59
Glasgow	R	7	45	Tel Aviv	S	24	75
G'msey	R	9	48	Tenerife	S	17	63
Helsinki	R	[illegible]	[illegible]	Tokyo	C	19	66
H. Kong	C	25	77	Toronto	R	6	43
Innsbr'k	S	14	57	Tunis	S	[illegible]	[illegible]
Invrnss	C	6	43	Valencia	S	21	70
I. o Man	F	8	46	Venice	S	14	57
Istanbul	F	14	57	Vienna	F	15	59
Jersey	R	9	48	Warsaw	R	3	37
Jo'burg	C	22	72	Zurich	F	14	57

C—Cloudy. F—Fair. R—Rain. S—Sunny

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.